

**PROPERTY MANAGEMENT  
OFFICE POLICY MANUAL  
(for Leasing and Property Management Activities)**

**for**

**PEAK REAL ESTATE CONNECTION, LLC**

**February 2, 2016**

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**Office Policy Manual**  
**for**  
**Peak Real Estate Connection, LLC**  
**for Leasing and Property Management Activities**

**General.** This Office Policy Manual ("Manual") is for **Mai Robinson** (Employing Broker) and **Peak Real Estate Connection, LLC** (the "Brokerage Firm") and addresses the policies of the Brokerage Firm, the Employing Broker, and the independent contractors/licensees (each a "Licensee") working under them that provide Property Management and Leasing services. Unless the context requires otherwise, whenever used in this Manual, the term "Employing Broker" shall refer to the Employing Broker and any "Managing Broker" designated by the Employing Broker as provided in § 10 (a) (iv) herein.

**Recitals**

- A. Brokerage Firm, in addition to purchase and sale brokerage activities, engages in both the leasing and management of real estate.
- B. When providing leasing and management services, Brokerage Firm strives to do so consistently with all applicable law.
- C. Brokerage Firm and Employing Broker recognize their duties to reasonably supervise Licensees.
- D. Brokerage Firm seeks to concentrate leasing and management services in specialist Licensees within the firm.

Accordingly, Brokerage Firm adopts this Manual for leasing and management services. Policies for purchase and sale services are addressed in a separate manual.

**1. POLICIES FOR TYPICAL TRANSACTIONS AND SERVICES OF BROKERAGE FIRM ENGAGING IN PROPERTY MANAGEMENT**

- a. Right to Lease Agreements.** Licensees shall secure an exclusive right-to-lease contract ("Lease Listing") with each property owner or other party engaging Brokerage Firm's services for any property (individually and collectively, the "Client") prior to providing leasing services for a Client. This written Lease Listing shall be on the form approved by the Colorado Real Estate Commission (the "Commission") or in a form drafted by legal counsel for the Client or the Brokerage Firm.
- b. Property Management Agreements.** Licensees shall secure a written contract for property management services ("Property Management Agreement") with each Client prior to performing any property management services for a Client. Each Property Management Agreement shall be in the form approved by the

Employing Broker and will name the Brokerage Firm as the party responsible for providing the property management services.

Lease Listings, Property Management Agreements, or combinations of both of them shall be referred to as “Contracts” in this Manual. Licensee shall turn in all completed Contracts and associated documents to Employing Broker in a timely manner. Licensee shall bring to the attention of Employing Broker any item that Licensee believes requires immediate or additional scrutiny.

In a timely fashion and before the Brokerage Firm commences services for any Client, Licensee will attempt to correct any deficiencies in Contracts or related documents that are found by Employing Broker or Licensee. Licensee will provide all documents requested by Employing Broker to the office file during any period where Licensee or the Brokerage Firm is negotiating or attempting to negotiate Contracts with a Client.

Licensee shall prepare all associated documents and place them in the office file. The Employing Broker determines what associated documents are to be prepared by providing Licensees with a separate office file checklist, as Employing Broker may from time-to-time create and revise. The office file is the property of the Brokerage Firm.

- c. Management Services.** For the benefit and protection of the Brokerage Firm, each Licensee shall perform any of the following property management services with the upmost honesty and diligence, as each may be required in the Brokerage Firm’s Contracts:

  - i. Intake of Security Deposits and Rent.** The Brokerage Firm may, on behalf of the Client, be obligated to collect rents, assessments, security deposits, and all other items which may become due under any lease and deposit those funds into the Client’s appropriate escrow/trust account. A Licensee who collects any of the sums mentioned in the prior sentence shall deposit all such sums into the appropriate trust/escrow account consistently with Colorado Real Estate Commission Rule E-1.
  - ii. Payment of Loan(s).** The Brokerage Firm may, on behalf of a Client, be obligated to pay monthly sums due on loans encumbering the managed property. Licensee shall only pay loan payments from available rental proceeds or other sums from a Client that are readily available in the appropriate trust/escrow account.
  - iii. Payment of Expenses.** The Brokerage Firm may, on behalf of a Client, be obligated to pay sums due for expenses associated with a managed property. Licensee shall only pay expense payments from available rental proceeds or other sums from a Client that are readily available in the appropriate trust/escrow account.

- iv. **Property Maintenance.** The Brokerage Firm may, on behalf of a Client, be obligated to cause to be made to the property maintenance services (including purchasing operating supplies), repairs, and other physical operations and pay all sums due for the same. Licensee shall pay all sums due for the maintenance of managed property only from available rental proceeds or other sums from a Client that are readily available in the appropriate trust/escrow account.
  - v. **Late Deposit of Security Deposits or Rent.** If security deposits, rents, or other sums collected by Licensee on behalf of a Client are deposited late, the Licensee must provide Employing Broker with a record (e.g. letter or e-mail) from the Client stating that the Client is aware that Licensee failed to deposit the sum on time and stating that the Client has not been damaged by the late deposit. Licensee will not receive any compensation from the Brokerage Firm until this notice to the Client is completed by Licensee and executed by the Client. If a particular file is reviewed by the Commission and the deposit was found to have been deposited late, the Commission may impose a fine which Licensee shall pay.
  - vi. **Client Landlord Statements.** The Brokerage Firm may be obligated to provide a Client with statements detailing the status of trust/escrow accounts related to that Client and the Client's managed property(s). In an accurate and timely manner, Licensee shall provide the following statements, as are applicable, to each Client for which the Licensee performs services: (1) monthly accounting statements; and (2) annual accounting statements.
  - vii. **Manage Tenant Relationships.** Licensees, acting as agent for the Brokerage Firm, may take applications and execute leases for managed properties on behalf of Clients. Licensees shall diligently perform all functions related to the leasing of managed properties.
  - viii. **Create and Maintain Custodial Accounts(s).** In executing Property Management Agreements with Clients on behalf of the Brokerage Firm, Licensee may be assigned the responsibility of creating and establishing the appropriate trust/escrow accounts for each such Client and property. Licensee shall name and otherwise identify these accounts according to the requirements of Commission Rule E-1, other Commission rules, and Colorado law.
- d. **Property Records.** The Licensee shall maintain an accurate record of each property under management, including all fixtures and personal property that will be managed by the Brokerage Firm according to the Property Management Agreement executed with each Client. In addition to records relating to the physical condition of each managed property, Licensee shall maintain accurate

financial and accounting records for each property and Client in accordance with this Manual, the Colorado Real Estate Manual, and Colorado law.

- e. **Client File Procedures.** When turning in the file following the execution of a Contract, Licensee shall verify that all necessary documents are properly and fully executed and that they are in the file. The Licensee is responsible for preparing a property data sheet. No compensation for Licensee's services will be issued to Licensee until all necessary items are in the office file.
- f. **Internal Audits of Files.** From time-to-time, the Brokerage Firm will conduct random audits of files to identify potential problems and monitor compliance with Firm policies and procedures. Based on the results of these audits, the Firm may modify its policies with the intent of improving compliance.

## 2. BOOKKEEPING

- a. **Bookkeeping Overview.** The Brokerage Firm and Licensees will employ property management bookkeeping procedures according to the requirements set forth in Chapter 20, Section III of the Colorado Real Estate Manual: A. Management Accounting Requirements; B. Required Management Records; and C. Accounting for Security and Advance Rental Deposits.

In the course of performing property management services on behalf of the Brokerage Firm, Licensee may take possession of "money belonging to others" as described and defined by the Commission, and Licensee shall follow all rules, regulations, and laws pertaining to handling "money belonging to others" including, but not limited to, Commission Rule E-1, additional rules in the Colorado Real Estate Manual, and Colorado law. The "money belonging to others" that Licensee might from time to time possess includes, but is not limited to: security deposits, rents, late charges or fees, application fees, funds for property maintenance and repair, funds for taxes, and property management commissions (whether flat fees or percentage fees). In addition to the duties imposed on Licensee under Colorado law and Commission rules and regulations, Licensee shall, among other duties as an agent and fiduciary, have a duty to the Brokerage Firm to hold, handle, deliver, accept, keep, maintain, record, account for, track, and provide access to "money belonging to others" in accordance with this Manual and all other bookkeeping policies and procedures as the Brokerage Firm may from time to time adopt.

- i. **Escrow/Trust Accounts.** The Colorado Revised Statutes and Colorado Real Estate Manual create specific requirements for the administration, creation, management, accounting, and operation of escrow/trust accounts by any person when dealing in any way with "money belonging to others." Licensee shall always comply with all requirements, terms, and provisions of the Colorado Revised Statutes and Colorado Real Estate Manual relating to escrow/trust accounts, including but not limited to, Commission



Rule E-1, Chapter 20 of the Colorado Real Estate Manual, and all other applicable law. Licensee shall adhere to the terms of this Manual and all other accounting and control policies that Employing Broker and the Brokerage Firm may from time to time adopt. Licensee shall at all times follow applicable Colorado law.

(1) **Loans Between Escrow/Trust Accounts Prohibited.** Licensee shall not make, accept, cause, or otherwise allow loans of funds between escrow/trust accounts under the direction or control of Licensee or the Brokerage Firm or affiliates or assigns of either Licensee or the Brokerage Firm. Licensee shall report to Employing Broker any known or reasonably suspected violations of this policy by other Licensees, employees, or independent contractors of the Brokerage Firm.

ii. **Supervision of Accounting Services.** Employing Broker may, from time to time and at Employing Broker's sole discretion, appoint unlicensed persons to perform certain duties and work functions on behalf of the Brokerage Firm, such as clerical and bookkeeping duties. Employing Broker may, from time-to-time, and at Employing Broker's sole discretion, appoint a Licensee (who may or may not be a Managing Broker) to supervise these unlicensed persons on behalf of and in addition to Employing Broker as the central supervisor. Licensee shall exhibit reasonable and diligent supervision over any such person. When unlicensed persons are providing bookkeeping duties, Licensee shall ensure that such unlicensed persons adhere to the accounting standards required in this Manual, the Colorado Real Estate Manual, and Colorado law.

iii. **Reporting to Client(s).** Unless expressly authorized in writing by Employing Broker, Licensee shall adhere to the cash method of accounting for all "money belonging to others." Any reporting to Clients for whom Licensee performs services on behalf of the Brokerage Firm shall contain figures and amounts calculated under the cash method of accounting. Notwithstanding the foregoing, nothing in this Manual shall override or otherwise govern Licensee's duties in reporting to Clients if, at Employing Broker's or the Brokerage Firm's sole discretion, Employing Broker or the Brokerage Firm adopt accounting policies that may differ from those contained in this Manual.

(1) **Annual.** Notwithstanding any explicit written agreement with a Client to the contrary, Licensee shall provide annual statements of all trust/escrow accounts to all Clients for which Licensee performs property management services on behalf of the Brokerage Firm. Licensee shall work with other persons as may be designated by Employing Broker to prepare and deliver these

annual statements. These statements shall adhere to all accounting policies adopted by the Brokerage Firm, the provisions of the Colorado Real Estate Manual, and applicable Colorado law.

- (2) **Monthly.** Notwithstanding any explicit written agreement with a Client to the contrary, Licensee shall provide monthly statements of all trust/escrow accounts to all Clients for which Licensee performs property management services on behalf of the Brokerage Firm. Licensee shall work with other persons as may be designated by Employing Broker to prepare and deliver these annual statements. These statements shall adhere to all accounting policies adopted by the Brokerage Firm, the provisions of the Colorado Real Estate Manual, and applicable Colorado law.

- iv. **Internal Controls.** When Licensee receives “money belonging to others” as defined under Colorado law and further explained in the Colorado Real Estate Manual, Licensee shall deposit this money along with an accompanying statement detailing the sum and its purpose to the person(s) at the Brokerage Firm who are designated by Employing Broker to receive these sums and statements. Employing Broker may assign Licensee to act as the person who will open and close escrow/trust accounts on behalf of the Brokerage Firm. Any Licensee so assigned shall not retain sole access to any escrow/trust account. When an assigned Licensee creates or closes an escrow/trust account, Licensee shall present an accompanying statement detailing the account, its name, number, and purpose to the person(s) at the Brokerage Firm who are designated by Employing Broker to receive these statements. Any Licensee who deposits or withdraws funds from an escrow/trust account shall present an accompanying statement detailing the transaction amount and purpose to the person(s) at the Brokerage Firm who are designated by Employing Broker to receive these statements.
- v. **Comingling the Brokerage Firm’s Funds with Other Funds Is Prohibited.** Licensee shall not comingle “money belonging to others” with any money belonging to the Brokerage Firm.
- vi. **Comingling of Funds Between Escrow Accounts Is Prohibited.** As is expressly allowed under Chapter 20 of the Colorado Real Estate Manual, the Brokerage Firm and Licensees may comingle security deposits of different tenants in one escrow account. As is expressly allowed under Chapter 20 of the Colorado Real Estate Manual, the Brokerage Firm and Licensees may comingle the funds belonging to any Client with the funds of another Client. Licensees shall only deposit security deposits belonging to a tenant within the appropriate security deposit escrow/trust account. Licensees shall only deposit funds belonging to a Client within the appropriate Client escrow/trust account. Once deposited, Licensee shall

not withdraw any funds belonging one or more Clients from the appropriate escrow/trust account and deposit those funds into any other escrow/trust account, nor shall Licensee withdraw any security deposit funds belonging to one or more tenants from the appropriate escrow/trust account and deposit those funds into any other escrow/trust account. Notwithstanding the foregoing, Licensee shall deposit all “money belonging to others” into the appropriate “short-term” trust/escrow account(s). These “short-term” trust/escrow accounts may be established by Employing Broker for the Brokerage Firm to handle funds temporarily while performing property management services. These “short-term” trust/escrow accounts will be created, closed, maintained, and accounted for according to a separate written short-term cash management policy that Employing Broker may adopt at Employing Broker’s sole discretion. All money deposited into any “short-term” trust/escrow account will thereafter be moved to the appropriate long-term or permanent trust/escrow account.

- vii. **Comingling Personal Funds with Any Other Funds Is Prohibited.** Licensee shall not comingling Licensee’s personal funds with those of any other person or entity directly or indirectly connected to or associated with any Client, service provider, vendor, applicant, or the Brokerage Firm.

**b. Specific Bookkeeping Requirements.**

- i. **Applicants.** When a Licensee receives application fees or any other funds from lease applicants, Licensee shall deposit these funds into the appropriate escrow/trust account. Licensee shall present an accompanying statement detailing the deposit including its amount and purpose to the person(s) at the Brokerage Firm who are designated by Employing Broker to receive these statements. Licensee’s handling of money from applicants and the Licensee’s statements detailing the receipt and handling of these funds shall adhere to any accounting policies adopted by the Brokerage Firm, the provisions of the Colorado Real Estate Manual (including all Commission Rules), and applicable Colorado law.
- ii. **Tenants.** When a Licensee receives rental payments or other funds from tenants, Licensee shall deposit these funds into the appropriate escrow/trust account. The Brokerage Firm shall maintain an escrow/trust account for tenant security deposits and a separate escrow/trust account for other funds from tenants owed to Clients. Licensee shall present an accompanying statement detailing the deposit including its amount and purpose to the person(s) at the Brokerage Firm who are designated by the Employing Broker to receive these statements. Licensee’s handling of money from tenants and the Licensee’s statements detailing the receipt and handling of these funds shall adhere to any accounting policies adopted by the Brokerage Firm, the provisions of the Colorado Real Estate Manual (including all Commission Rules), and applicable Colorado law.



Licensee shall treat security deposits as “money belonging to others” as that phrase is defined by Colorado law and the Commission. Licensees acting as property managers are responsible for adhering to these standards and the additional standards created by the Commission Rules E-1, E-2, and E-16, which are included in the Colorado Real Estate Manual. Licensee shall strictly adhere to these and all other applicable statutes, rules, position statements, and regulations when dealing with security deposits. Licensee shall, on behalf of the Brokerage Firm, keep all security deposits in the appropriate escrow/trust account. The Brokerage Firm shall keep all security deposits in appropriately designated escrow/trust accounts and shall not forward security deposits on to Clients without complying with the Commission’s Position on Advance Rentals and Security Deposits (CP-5). Licensee shall present statements detailing the receipt and deposit of any security deposits entrusted to Licensee, including the amount of the security deposit to the person(s) at the Brokerage Firm who are designated by Employing Broker to receive these statements. Licensee shall not cause a security deposit to be wrongfully withheld or otherwise fail to provide notice to the Brokerage Firm of tenants who may from time to time demand return of their security deposit. Employing Broker may create a separate policy for managing and holding security deposits on behalf of Clients. None of the foregoing shall alter or otherwise contravene any duty imposed on Licensee for the handling of security deposits that may be created under Colorado law or Commission rule or regulation. Licensee shall adhere to any additional duties imposed on Licensees by Colorado municipalities for the proper handling of security deposits.

- d. **Brokerage Firm Funds.** When a Licensee deposits or withdraws funds from the Brokerage Firm’s business account, Licensee shall present an accompanying statement detailing the amount and source/use of the funds to the person(s) at the Brokerage Firm who are designated by Employing Broker to receive these statements.
- e. **Tax Reports.** Notwithstanding any explicit written agreement with a Client to the contrary, Licensee shall provide annual tax statements to all Clients for which Licensee performs property management services on behalf of the Brokerage Firm. Licensee shall work with other person(s) as may be designated by Employing Broker to prepare and deliver these annual tax statements. These statements shall adhere to any accounting policies adopted by the Brokerage Firm, the provisions of the Colorado Real Estate Manual, and applicable Colorado law.

### 3. VENDORS

- a. **Independent Contractors.** When Licensees engage independent contractors for repair, maintenance or other services, Licensees shall not accept, for themselves or on behalf of the Brokerage Firm, any referral fee or any other thing of value without the prior written consent of Employing Broker, which consent may be given or withheld in Employing Broker’s sole and absolute discretion. If Employing Broker approves the agreement with the independent contractor, then

Licensee shall ensure that the transaction is consistent with then-applicable Colorado real estate license law, including but not limited to then-applicable Commission Rules regarding such transactions, including Rule E-1(o)(8), generally prohibiting “mark ups” without Client consent; and Rule E-25, which generally requires disclosing conflicts of interest to Clients.

- b. Related Services Performed by Affiliated Entities.** At Employing Broker’s sole discretion, the Brokerage Firm and Licensees may perform various property management services in-house or through related entities or vendors. Such in-house services or related vendor relationships shall be disclosed by Licensee to the Client in writing. Licensee shall ensure that the transaction is consistent with then-applicable Colorado real estate license law, including but not limited to then applicable Commission Rules regarding such transactions, including Rule E-1(o)(8), generally prohibiting “mark ups” without Client consent; and Rule E-25, which generally requires disclosing conflicts of interest to Clients.
  - c. Payments.** Licensees shall pay for the services performed by independent contractors under any Property Management Agreement only after first receiving a written invoice from the independent contractor and separate verifiable proof of the performance of the contracted services or work. Licensee shall submit any invoice together with the independent proof of completion to the person(s) at the Brokerage Firm designated by the Employing Broker to receive these invoices and independent proof of the completed work. Thereafter, Licensee shall only pay the independent contractor from available rental proceeds or other sums readily available from the Client in the appropriate trust/escrow account.
- 4. SECURING INFORMATION FROM CLIENTS.** Licensee shall provide the Brokerage Firm all information obtained by Licensee regarding any property or Client. Employing Broker may request that Licensee obtain specific information regarding properties or Clients prior to and as a condition of approving any Property Management Agreement, and Licensee shall work diligently to obtain this requested information and provide it to Employing Broker in a timely manner.
  - 5. BROKERAGE RELATIONSHIPS.** When providing leasing or property management services, the Brokerage Firm expects to do so almost exclusively as an owner’s agent, not as a tenant’s agent and not as a transaction-broker. On a case-by-case basis, the Brokerage Firm may allow a tenant to engage its leasing services. The Brokerage Firm is mindful that this has the potential to create conflicts of interest between its owner Clients and its tenant Clients. The instances, however, in which the Brokerage Firm expects to allow a tenant to engage its services as a tenant’s agent will be exceedingly rare. Therefore, these potential conflicts of interest will be addressed at the time and on a case-by-case basis.
  - 6. PROCEDURE FOR DESIGNATION OF BROKERS.** Generally, the Brokerage Firm will designate the Licensee who procured the relationship with the Client to provide the services for that Client. The Brokerage Firm will consider other factors designating the

Licensees who will work with Clients, such as familiarity with the type of property, level of experience as compared to the complexity of the property, personality, and knowledge of the location of the property and surrounding areas.

- 7. LICENSEE'S OWNERSHIP OF MANAGED PROPERTY.** Licensee shall not hold an ownership interest in any managed property or in any entity that owns any ownership interest in a managed property, without disclosure of the ownership interest to and written consent of the ownership interest from Employing Broker. Employing Broker may withhold or grant Employing Broker's consent in Employing Broker's sole discretion. The ramifications of failure of Licensees to disclose such ownership and gain written approval of the ownership by Employing Broker will be addressed between Licensee and Employing Broker on a case-by-case basis.
- 8. ADDITIONAL SERVICES PERFORMED BY LICENSEE FOR CLIENTS.** Licensee shall not perform any real estate-related services on behalf of Clients, including but not limited to, listing for sale or assisting with the purchase of any real property as an agent or transaction-broker that are not explicitly included in a Contract between the Client and the Brokerage Firm. Licensee shall not provide any services related to real estate outside of Licensee's service for the Brokerage Firm without the express written consent of Employing Broker. Employing Broker may grant or withhold such consent at Employing Broker's sole discretion for any reason or no reason.
- 9. LICENSE RENEWALS, TRANSFERS AND RESPONSIBILITY FOR CONTINUING EDUCATION**

  - a. Transfer to the Brokerage Firm.** When a Licensee transfers to the Brokerage Firm, Licensee shall abide by this Manual and the Brokerage Firm's Independent Contractor Agreement. Employing Broker and the transferring Licensee shall jointly and severally have responsibility for completing the proper transfer of the license. Licensee shall work as an independent contractor and agent of the Brokerage Firm and will, prior to actively engaging in any real estate activities, sign the Brokerage Firm's Independent Contractor Agreement.
  - b. Renewal of License.** When a Licensee's real estate license is renewed, Licensee will sign a letter and present it to Employing Broker guaranteeing that all necessary continuing education courses have been taken in accordance with the requirements of the Commission. Proof of this may be required by the Commission. Licensee agrees to provide such proof if requested by either the Commission or Employing Broker. Regardless of such letter or proof, Licensee shall be responsible for monitoring the renewal of Licensee's licenses and, between Employing Broker and Licensee; Employing Broker shall bear no responsibility for Licensee's failure to meet these requirements. Should Licensee fail to take and pass the necessary continuing education classes, Licensee understands that Licensee shall no longer be allowed to practice real estate in the State of Colorado and must cease and desist immediately. Licensee shall immediately inform Employing Broker if Licensee becomes aware of a transfer or

renewal deficiency. The Brokerage Firm is not responsible to provide courses that are approved for continuing education credit.

- c. **Transfer of License from the Brokerage Firm.** When a Licensee transfers Licensee's license from the Brokerage Firm to another property management business or real estate brokerage, Licensee shall first notify Employing Broker, then immediately notify the Commission that Licensee no longer works under the Brokerage Firm, and Employing Broker shall no longer be responsible for the actions of the Licensee. Further, Licensee shall halt all real estate activity in the name of the Brokerage Firm. Licensee shall assist Employing Broker in notification of all members of the public and Clients with whom Licensee is working. Unless agreed elsewhere in writing to the contrary, Property Management Agreements are and remain the property of Employing Broker who shall designate a replacement Licensee to assume the property management relationship with the departing Licensee's Clients.

**10. DELEGATION OF AUTHORITY AND SUPERVISION.** Employing Broker shall, on a case-by-case basis, delegate authority as Employing Broker deems reasonable. Employing Broker may withhold a delegation of authority at Employing Broker's sole and absolute discretion. Licensee may initially draft and have parties execute contracts, Property Management Agreements, and other documents as addressed in the typical powers and duties property of the Brokerage Firm section discussed herein. Employing Broker shall not contract with Licensee so as to circumvent the requirement that the Employing Broker supervise employed Licensees. Notwithstanding any delegation of authority, Employing Broker shall supervise Licensee as follows:

- a. **General Supervision.** Employing Broker shall reasonably supervise experienced licensees having **two (2) years or more** of experience by:
  - i. Maintaining this Manual describing the duties and responsibilities of Licensee. A copy of the Manual shall:
    - (1) be provided to, read, and signed by each Licensee; and
    - (2) be available for inspection, upon request, by any authorized representative of the Commission.
  - ii. Reviewing all executed Property Management Agreements to ensure competent preparation.
  - iii. Reviewing managed property and Client files to ensure that required documents exist.
  - iv. Nothing in this section shall prohibit Employing Broker from delegating supervisory authority to other experienced Licensees. Any person to



whom such authority is delegated shall be referred to as a “Managing Broker” in this Manual.

(1) Licensees who accept supervisory authority from Employing Broker shall bear responsibility with Employing Broker for ensuring compliance with the Commission rules and all Colorado statutes by all supervised Licensees.

(2) Any such delegation of authority shall be in writing and signed by the Licensee to whom such authority is delegated. A copy of such delegation shall be maintained by Employing Broker for inspection, upon request, by any authorized Commission representative.

v. Employing Broker shall not contract with Licensee so as to circumvent the requirement that the Employing Broker supervise employed Licensees.

**b. Less Experienced Licensees.** In addition to the foregoing requirements of paragraph (a) of this section, Employing Broker shall provide a high level of supervision for Licensees having less than two (2) years of experience by:

i. Providing specific training in office policies and procedures;

ii. Being reasonably available for consultation;

iii. Providing assistance in preparing any contracts and Property Management Agreements;

iv. Reviewing documents prepared by Licensee and other property management functions performed by Licensee; and

v. Nothing in this section shall prohibit Employing Broker from delegating supervisory authority to other experienced Licensees.

(1) Licensees who accept supervisory authority from Employing Broker shall bear responsibility with Employing Broker for ensuring compliance with the Commission rules and all Colorado statutes by all supervised Licensees.

(2) Any such delegation of authority shall be in writing and signed by the Licensee to whom such authority is delegated. A copy of such delegation shall be maintained by Employing Broker for inspection, upon request, by any authorized Commission representative.

**11. BROKERAGE FIRM FEES.** Licensee shall only enter into Contracts that contain fee arrangements and rates that are approved in advance by Employing Broker. Licensee

shall not charge or otherwise collect any fee or payment from a Client on behalf of Licensee or the Brokerage Firm that is not expressly provided for in an executed Contract.

**12. CASH HANDLING, COLLECTION OF DELINQUENT RENTS AND DEPOSITS, AND ADVANCE OF FUNDS ON BEHALF OF CLIENTS**

- a. Cash Handling.** Any Licensee who is assigned by Employing Broker to collect money or who is assigned to deposit and/or withdraw funds from an escrow/trust account shall present an accompanying statement detailing the transaction amount and purpose to the person(s) at the Brokerage Firm who are designated by the Employing Broker to receive these statements. Such statements shall substantially comply with Commission Rule E-1(o)(6), any other applicable sections of the Colorado Real Estate Manual, and Colorado law. Licensee shall maintain a separate record of all transactions involving money in which Licensee participates and shall provide a copy of this record to the person(s) at the Brokerage Firm who are designated by Employing Broker to receive these statements. Licensee shall keep receipts for all transactions involving money and shall provide a copy of each receipt to the person(s) at the Brokerage Firm who are designated by the Employing Broker to receive these receipts.
- b. Receipt for Cash.** If Licensees accept cash from a tenant, Client, vendor, or other third party in performing Licensee's duties for the Brokerage Firm, Licensee shall issue a receipt to the party providing Licensee with the cash. The receipt must detail the amount of cash received by Licensee and the designated use of the cash. Without the prior written consent of Employing Broker, Licensee shall not accept cash from a tenant in an amount greater than one month's rent for that tenant.
- c. Checks Payable to Licensees.** If Licensees receive a check that is payable to Licensee, then Licensee shall use Licensee's best efforts to get the maker of the check to reissue the check in the name of the Brokerage Firm. If it is not practical for the maker to reissue the check, then Licensee shall endorse the check made out to Licensee over to the Brokerage Firm.
- d. Collection Activities.** Any Licensee who may, from time to time, be assigned by Employing Broker to collect delinquent rents, deposits, or any other amount from a tenant on behalf of the Brokerage Firm shall adhere to the Fair Debt Collection Practices Act, the Colorado Real Estate Manual, the Colorado Consumer Protection Act, and any other applicable law.
- e. Advancing Funds on Behalf of Clients.** Licensee shall not advance funds on behalf of any Client from any account owned, controlled, or managed by the Brokerage Firm or Licensee without express authorization by to the person(s) at the Brokerage Firm who are designated by Employing Broker to approve any such advances.

### 13. TRAINING

- a. Dissemination of Information.** As Employing Broker may determine, Employing Broker may have property manager meetings and property site tours for Licensees. Licensees are encouraged to communicate to Employing Broker any perceived need for staff meetings on a regular or special basis. Employing Broker may use a variety of approaches (i.e., property manager meetings, personal conferences, written memorandums, etc.) to disseminate items of potential interest to Licensees. This could include, but not be limited to:
- i.** Marketing managed properties, matching managed properties to tenants
  - ii.** Changes in Commission Rules and Regulations
  - iii.** Changes within NAR, CAR, property management professional association, or the local Board of REALTORS®
  - iv.** Changes or additions to this Manual
  - v.** Bringing in speakers
  - vi.** Presenting new ideas on ways to do business
  - vii.** Sharing of "war stories" or local events
- b. Staff Meetings.** Employing Broker shall call staff meetings from time to time as Employing Broker deems appropriate.

**14. USE OF NON-LICENSED ON-SITE MANAGERS.** Employing Broker may, at its sole discretion, allow the Brokerage Firm or Licensees to utilize non-licensed on-site managers pursuant to C.R.S. § 12-61-101 and according to the requirements of Commission Position 42. Such approval must be in writing and may be withdrawn by Employing Broker at any time for any reason or no reason.

**15. USE OF PERSONAL ASSISTANTS.** The Brokerage Firm may employ unlicensed persons as Personal Assistants to provide ministerial tasks that do not require a Colorado real estate license. Licensees should utilize unlicensed Personal Assistants consistently with the Colorado Real Estate Commission's most recent position statement on the use of Personal Assistants.

**16. FAIR HOUSING.** Employing Broker and all Licensees shall comply with all applicable fair housing laws. Licensees shall continue to educate themselves to remain knowledgeable about the current state of fair housing laws. Without limiting the generality of the preceding, the Brokerage Firm shall not discriminate on the basis of race, color, creed, religion, sex, national origin, ancestry, disability, marital status, sexual orientation, familial status, or gender identity. In addition, certain municipalities have other potential protected classes that must be considered, including but not limited to military status, age, political orientation and family responsibility.

If Licensees encounter illegal discrimination by Clients or others, the Licensee shall inform Employing Broker of the activity. Employing Broker and the Licensee will address each situation on a case-by-case basis.

- 17. CANCELLATION OF AGREEMENTS AND TERMINATION OF SERVICES.** Licensee shall adhere to the cancellation and termination provisions of the Brokerage Firm's Contracts. Licensee shall first secure Employing Broker's consent before allowing a Contract to be cancelled prematurely. Employing Broker may provide or withhold Employing Broker's consent at Employing Broker's sole discretion. If Licensee receives Employing Broker's consent for the premature cancellation, then Licensee must disclose any potential conflicts of interest according to the Commission Rule E-25.
- 18. LEASING.** Licensees will only secure leases for Clients on the form provided by Client, if any, or provided to the Licensee by the Brokerage Firm. Licensees may perform other related activities as may be necessary to perform the Brokerage Firm's obligations under Contracts.
- 19. BACKUP AND DISASTER RECOVERY PLAN FOR LOSS OF BUSINESS RECORDS.** Licensee shall adhere to the Brokerage Firm's policy for digital and electronic files as outlined in Section 27 herein, which includes mechanisms for backup of such files. The Brokerage Firm shall seek to move away from the use of physical files and to navigate towards digital record-keeping wherever feasible. When physical files are maintained, the Brokerage Firm shall store such records in habitable areas that: conform to local building codes; have adequate fire suppression systems; and are not located at a level below known 100-year (or less) flood plains. .
- 20. EVICTION AND LEGAL ACTION.** The Brokerage Firm and Employing Broker are committed to performing property management services in a safe and efficient manner. The circumstances, however, of each eviction can vary widely. In general, the Brokerage Firm will confer with the owner of a property and the Brokerage Firm's attorney before commencing an eviction. Brokerage Firm will not file a Forcible Entry and Detainer action against a tenant without engaging an attorney to do so.
- 21. SEXUAL AND OTHER UNLAWFUL HARASSMENT.** Employing Broker and the Brokerage Firm are committed to providing a work environment that is free of discrimination and unlawful harassment. Actions, words, jokes, or comments based on an individual's sex, race, ethnicity, age, religion, sexual orientation, gender identity, or any other legally protected characteristic will not be tolerated. As an example, unwanted sexual advances (both overt and subtle) are misconduct that demeans another person, undermines the integrity of the employment or other relationship, and is strictly prohibited. "Harassment" means words or conduct which unreasonably interferes with an individual's work performance, or otherwise creates an intimidating, hostile or offensive working environment.

Any Licensee, employee of a Licensee, or employee of the Brokerage Firm who wants to report an incident of sexual or other unlawful harassment from another Licensee, another employee of a Licensee, another employee of the Brokerage Firm, or from a Client of the Brokerage Firm, should promptly report the matter to the Employing Broker who will handle the matter in a timely and confidential manner. Among other things, the Employing Broker will investigate the report as necessary, on a case-by-case basis. If the Employing Broker is unavailable or the reporting individual believes it would be inappropriate to contact that person, the reporting individual should immediately contact the Managing Broker, if Employing Broker has designated a Managing Broker other than the Employing Broker, or Employing Broker's general counsel in lieu thereof, who will investigate the matter in the same fashion as prescribed for the Employing Broker above. Reporting individuals can raise concerns and make reports without fear of reprisal. The report does not have to be in writing. It is helpful if details of dates, times, places, and witnesses, if any, to the harassment can be provided.

Sexual harassment does not include occasional compliments, unless the recipient of the compliments has requested that the giver of the compliments not make such compliments. It is not contrary to the policy of the Brokerage Firm for persons employed or affiliated with the Brokerage Firm to date, except in circumstances where one of such persons reports directly or indirectly to the other such person. No dating is permitted in such circumstances. The Employing Broker will, however, consider requests from affected persons to transfer them to other open positions with the Brokerage Firm for which they are qualified so that such persons are not in the same reporting lines.

Any Licensee or other person engaging in sexual or other unlawful harassment will be subject to disciplinary action, up to and including termination of their relationship with the Brokerage Firm.

- 22. SAFETY AND PREMISES SECURITY MEASURES.** The Brokerage Firm has zero tolerance for violence. Any Licensee, employee of a Licensee, or employee of the Brokerage Firm who is violent, or who threatens to be violent, in the Brokerage Firm's offices or on the job, whether toward any Client, coworker, Licensee, Employing Broker or other Brokerage Firm official or representative or member of the public, will be subject to discipline, up to and including immediate termination of their relationship with the Brokerage Firm. If you are attacked or threatened with violence or see someone else being attacked or threatened, you should take appropriate steps: to protect yourself and others, to avoid causing more violence, and to notify emergency personnel (e.g., call 911 for fire, police or ambulance help) and Employing Broker.

Safety of the Brokerage Firm's Licensees, their employees, and employees of the Brokerage Firm is of the utmost importance to the Brokerage Firm. Any Licensee, employee of a Licensee, or employee of the Brokerage Firm should immediately inform Employing Broker about any accident or unsafe or hazardous working condition. The Brokerage Firm, the building's managers, or certain insurance carriers, may provide separate safety policies or training, for example regarding fire safety, exiting the building in an emergency, or accident prevention and reporting. Licensees, their employees, and

employees of the Brokerage Firm shall comply with any separate safety policy the Brokerage Firm may issue or implement and participate in all safety training the Brokerage Firm provides or approves.

Before leaving the Brokerage Firm's premises, each person should turn off all equipment and power sources used by him or her, make sure that his or her windows, if any, are securely closed, and, if leaving after business hours, make sure that the door through which he or she departs is closed and locked behind him or her.

The measures outlined in the remaining provisions of this section are intended to help assure that the Brokerage Firm is accessible only to Licensees, their employees, the Brokerage Firm's employees, Clients, and other persons who have a legitimate reason to be in the Brokerage Firm's offices, such as delivery service personnel or vendors.

Receptionists should permit only authorized persons past the waiting or reception area. Any Licensee, employee of a Licensee, or employee of the Brokerage Firm who is receiving a Client, vendor, delivery person, or other invited guest should meet that person in the waiting area and walk with that person to his or her office, work area, or other appropriate area. Guests should be with a Licensee, employee of a Licensee, or employee of the Brokerage Firm at all times and should not be left alone or allowed to wander through the Brokerage Firm's offices by themselves. All Licensees, employees of Licensees and employees of the Brokerage Firm should feel free to ask anyone they see whom they do not recognize as a Licensee or employee, and who is not with another Licensee or employee, if that persons needs assistance and whom he or she is there to see. Licensees, employees of Licensees, and employees of the Brokerage Firm should also promptly let the Employing Broker know if anyone is in the Brokerage Firm's offices who is not a Licensee, employee of a Licensee, employee of the Brokerage Firm, or authorized guest.

## **23. HANDLING OF CONFIDENTIAL INFORMATION**

- a. Confidential Information.** The following information is confidential between a Licensee and his or her Client or tenant:
  - i.** The Client landlord is willing to accept less;
  - ii.** A tenant client is willing to pay more;
  - iii.** Information regarding motivating factors for the Client;
  - iv.** Material information about a Client or managed property not required by law to be disclosed;
  - v.** The identity of a Client or ownership structure for a managed property;
  - vi.** Facts or suspicions which may psychologically impact or stigmatize a managed property;

- vii. All information required to be kept confidential pursuant to Colorado Revised Statutes §§ 12-61-804(2), 12-61-805(2) and 12-61-807(3).

Confidential information does not include information which a Licensee is required to disclose by law. Confidential information does not include information which the Client authorizes a Licensee to disclose. For example, as a means of attracting tenants, the Client may wish to inform the market that they are motivated and offering free rent at the beginning of any new lease.

- b. **Disclosure Within the Brokerage Firm.** Licensees shall not disclose such confidential information to other Licensees in the Brokerage Firm who work as tenant agents. Licensees in the Brokerage Firm who work as tenant agents shall not seek out such confidential information from other Licensees or from any Brokerage Firm file.
  - c. **Separate Files.** Each Client and managed property shall have a separate file maintained by Licensee on behalf of the Employing Broker. Access to the file is restricted to the Licensee, the Employing Broker, and any unlicensed personnel of the Brokerage Firm allowed access by the Employing Broker. No one else shall have access to, or view that file without the prior approval of the Employing Broker. In addition, a Licensee working with a Client may maintain a file, devoid of confidential information, for the listed property which will be available to any Licensee within the Brokerage Firm.
- 24. CENTRALIZED FILES.** Licensee shall maintain a central file for each Client for whom that Licensee manages property. Each Client's file shall include a separate file detailing each property managed by Licensee. Such file shall be kept consistently with the Brokerage Firm's centralized file system. The term "file" as it is used in this section shall include, but not be limited to, paper/physical files, electronic files, or both of them.
- 25. MAINTENANCE OF RECORDS OF SERVICES BY OUTSIDE VENDORS.** The Brokerage Firm shall maintain records of services performed by outside vendors in a manner consistent with the policies outlined in Sections 19 and 27 herein. Records of such services shall be retained by the Brokerage Firm for not less than 4 years and may be kept longer as is consistent with prudent risk reduction strategies. In any event, the Brokerage Firm shall have no obligation to retain such records for longer than 7 years.
- 26. FRAUD**
- a. **In General.** In the course of performing Licensee's duties on behalf of the Brokerage Firm, Licensee shall not commit acts or omissions to defraud the Brokerage Firm, Clients, tenants, potential tenants, former tenants, other independent contractors, or other members of the public. This prohibition on Licensee committing fraud via act or omission shall include fraudulent acts and omissions as each may be defined and prohibited under Colorado law and in the Colorado Real Estate Manual.

- b. **Loan Fraud.** Licensee shall not assist a current, former, or potential Client in committing or otherwise participate in any way in loan fraud as it is defined under Colorado Revised Statutes §§ 18-5-208 and -209 (2011). If Licensee suspects that they are being asked to participate in loan fraud, Licensee shall consult with Employing Broker and, together, Licensee and Employing Broker shall evaluate and address the situation on a case-by-case basis. Some examples of loan fraud include, but are not limited to: (i) bogus “gift” letters, (ii) false occupancy and lease history claims, (iii) false leases, (iv) false property income statements, (v) false property statements of a property’s physical condition, and (vi) phony appraisals.

27. **COMPUTER SYSTEMS.** To the extent that information is stored digitally, the Brokerage Firm will take reasonable precautions to provide security for such data (including, but not limited to, the use of passwords and other security measures as appropriate). For electronic information stored locally, the Brokerage Firm will ensure that it has a reasonable process in place to ensure that such data is backed up regularly. For information stored remotely or in the cloud, the Brokerage Firm will verify that vendors associated with this remote storage have adequate procedures in place for the backup of such data.

## 28. GENERAL

- a. **Non-Compliance.** Without limiting any specific remedy provisions in the body of this Manual, the failure of Licensee to comply with any of the policies herein may be considered by the Brokerage Firm and Employing Broker, in Employing Broker's sole and absolute discretion, as cause for terminating Licensee's independent contractor relationship with the Brokerage Firm. Additionally, no compensation of any kind will be issued to Licensee for any service until all procedures have been complied with and until any prior defaults have been cured.
- b. **Compliance with License Law.** If any policy contained herein conflicts with Federal or Colorado law, then the law shall supersede the conflicting policy or policies. In addition to any requirement stated in this Manual, Licensee shall abide by Colorado license law.
- c. **Required Disclosures.** Licensee must disclose brokerage relationship to Clients, potential Clients, and prospective tenants using Commission-approved forms, as these may be amended or revised from time-to-time.
  - i. **To Tenants:** Written brokerage relationship disclosures must be made to tenants prior to Employing Broker accepting confidential information concerning the tenant’s real estate needs, motivation, or financial qualifications as more precisely described in Real Estate Commission Rule E-35. Generally licensees will such disclosures by using the Commission form designed to make such disclosures, currently **BDT20-5-**



- 09.** Tenants must also be provided a lead-based paint disclosure if applicable (**LP46-05-04**).
- ii. To Landlords:** Unless a Contract already incorporates of the disclosures necessary under Colorado law, or unless a Client executes a Property Management Agreement together with Executing a Lease Listing, Employing Brokers must include the Brokerage Duties Addendum with the Property Management Agreement (**BDA55-5-09**). Employing Brokers must also disclose compensation to be received for services billed to owners (*see Rule E-1(o)(8)*) and the use of any affiliated business entity to provide services to Clients.
  - iii. Conflicts of Interest:** Licensees have a continuing duty to disclose conflicts of interest to Clients pursuant to Commission Rule E-25. When leasing their own properties, or renting for themselves, Licensees will disclose that they are Colorado real estate licensees acting for their own account.
- d. Employing Broker's Consent.** Where this Agreement requires Licensee to secure the consent of Employing Broker, such consent may be withheld or granted in Employing Broker's sole and absolute discretion.
  - e. No Power to Bind the Brokerage Firm.** Licensee shall not purport to bind the Brokerage Firm to any agreement as an undisclosed agent of a Client. Even if the Client is disclosed at the Brokerage Firm's principal, Licensee shall not bind the Brokerage Firm to any agreement with any party without first obtaining written consent from Employing Broker.
  - f. Status of Laws.** References to statutes, Commission Rules and Position Statements are references to those sources of law and positions as they exist at the time of the drafting of this Manual. These laws and positions may change from time to time.
  - g. Buy/Sell Brokerage.** In addition to property management, the Brokerage Firm engages in buy/sell brokerage activities and the policies governing these activities are contained in a separate brokerage Office Policy Manual. No Licensee shall participate in or perform buy/sell brokerage activities without the prior written consent of Broker, which consent may be given or withheld in the sole and absolute discretion of the Broker. Any buy/sell brokerage activities of Licensees shall be conducted and performed in accordance with the Brokerage Firm's separate brokerage Office Policy Manual, the then applicable Colorado Real Estate Manual, any then applicable Rules and Policy Statements of the Colorado Real Estate Commission and all then applicable requirements of Colorado real estate law.

- h. Replacement of Prior Manuals.** This Manual replaces and supersedes all prior policies of the Brokerage Firm addressing leasing and property management services.
- i. Clerical Functions.** The Brokerage Firm may delegate the performance of clerical duties to appropriately trained non-licensed employees of the Brokerage Firm. This delegation shall not diminish the responsibility of the Employing Broker, any Managing Broker, nor any Licensee charged with supervising such employees.

**29. PERFORMANCE OF AND COMPENSATION FOR REAL ESTATE RELATED ACTIVITIES.** Compensation for all real estate related activities conducted by Licensee that require a license must be provided through the Employing Brokerage. Licensee shall notify Employing Broker of any real estate related activities conducted by Licensee that do not require a license, including, but not limited to, providing showing services and staging services for properties. Commissions, compensation, or other valuable consideration for performance of any real estate related activities must be paid to the Brokerage Firm. Licensee shall not accept compensation from anyone other than the Employing Broker unless the Employing Broker has given Licensee explicit written direction indicating otherwise. For example, a Licensee who is receiving compensation for assisting someone by unlocking a house to allow a showing, but who is not conducting the showing herself, must notify her Employing Broker of this activity and comply with Employing Broker’s requirements for this transaction.

**30. POTENTIAL CONFLICTS OF INTEREST.** If Licensee is a principal in a real estate deal, then the contract or lease must have a provision telling the other side that the Licensee is a licensed Colorado real estate broker buying or selling (as the case may be) on his/her account, not representing the other side as a broker. Any identified conflict of interests with our Clients will be discussed with the Client and followed up with a written disclosure of the conflict of interest.

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Licensee

Date