

Office Policy Manual
for
COLDWELL BANKER MOUNTAIN PROPERTIES
Brokerage Firm
October 23, 2025

General. Below is the text of the Office Policy Manual (“Manual”) for **KAYDEN C. HYSON** (“Employing Broker”) and **COLDWELL BANKER MOUNTAIN PROPERTIES** (“Brokerage Firm”) addressing the policies of Brokerage Firm and the Employing Broker and the independent contractors/licensees (each a “Licensee”) working under them. Unless the context requires otherwise, whenever used in this Manual, the term “Broker” shall refer to the Employing Broker and a Managing Broker, if Brokerage Firm or the Employing Broker has designated such a Managing Broker.

1. TYPICAL REAL ESTATE TRANSACTIONS

- a. Review of Contracts.** Licensee shall turn in all contracts and associated documents to Broker in a timely manner as Broker may specify from time-to-time. Licensee shall point Broker to any item that Licensee believes requires immediate or additional scrutiny. Broker will cause all contracts and associated documents to be reviewed in a timely manner.

Licensee will attempt to correct any deficiencies identified through such review in a timely fashion. If a Licensee is unable to correct such deficiency in the timeframe specified by Broker, the Licensee shall promptly report such failure to Broker and Broker will identify the next steps and consequences on a case-by-case basis. Licensee will provide all documents requested by Broker to the office file during contract period and at time of closing.

At time of closing, Licensee will prepare a summary closing data sheet containing appropriate information for transaction reporting purposes, ensure that all necessary documents are in the file and leave those documents in the office file indefinitely. No compensation check will be issued to Licensee until all necessary items have been placed in the office file.

The office file is the property of Brokerage Firm. Only the Licensee(s) involved in a particular transaction, the Employing Broker, or Managing Broker and back-office staff (whether the back office staff have licenses or not) should look at any file on an as needed basis.

b. **Earnest Money.** Earnest Money will be handled consistently with all Colorado Real Estate Commission Rules (the “CREC Rules”), as those rules are modified from time-to-time. As of the drafting of this policy, those rules include: 5.1, 5.11, 5.12.A and 5.12.B, 5.13, 6.19.D, 6.22, and 6.26.C. Some of the concepts from these rules, as of the drafting of this policy, are repeated here:

- i. Any Broker receiving earnest money must deliver such earnest money to the earnest money holder to be deposited in accordance with the contract. The Broker must obtain a dated and signed receipt from the person or entity to whom the Broker has been instructed to deliver the deposit. (5.12.A)
- ii. If the Brokerage Firm will be holding the earnest money in a transaction, the earnest money must be deposited as set forth in Rule 5.7.B of the CREC Rules. The Brokerage Firm may transfer the earnest money from the Brokerage Firm’s Trust or Escrow Account to a lawyer or a closing entity closing the transaction. The Brokerage Firm delivering the earnest money deposit to a lawyer or a closing entity providing settlement services must obtain a dated and signed receipt from the person or entity providing settlement services. (5.12.B) If the Brokerage holds funds in trust for clients, the Brokerage will maintain an adequate system of internal accounting controls to provide adequate checks and balances over the financial activities of the Broker, Brokerage, and unlicensed personnel, as well as to manage the risk of fraud or illegal acts. If the Employing Broker does not regularly handle the deposits and disbursements of earnest money or if the Employing Broker does not routinely handle the monthly reconciliation of the trust account, then the Employing Broker will either, in a commercially reasonable manner: periodically verify the reconciliations or hire an outside third-party, such as an accountant, to verify the reconciliations as a check and balance over the account(s) per Rule 5.1.
- iii. If a promissory note is received as earnest money pursuant to an executed contract, the seller must be informed of the date such promissory note becomes due. If payment is not made by the due date of the promissory note, the Broker must promptly notify the seller and deliver the original promissory note. (5.13) *[Note to Licensees: The Brokerage firm discourages sellers from accepting promissory notes as earnest money. Should a seller consider accepting a promissory note as earnest money, Licensees will establish a record that the Licensee has advised the seller to consult an attorney about the risks of accepting a promissory note as earnest money.]*
- iv. If for any reason the seller fails, refuses, neglects, or is unable to consummate the transaction as provided for in the contract, and through no fault or neglect of the buyer the real estate transaction cannot be completed, the Brokerage Firm has no right to any portion of the earnest money deposit which was deposited by the buyer. (6.22.A)

- v. Upon suspension, revocation, expiration, or transfer to Inactive Status of the Employing Broker, the Employing Broker is personally responsible for the handling of any and all earnest money deposits, Trust or Escrow Account funds received or disbursed by the Brokerage Firm. The Employing Broker is responsible for returning all Trust and Escrow Account records to the Brokerage Firm. (6.26.C.3)

The following policies also apply to earnest money:

- vi. For situations in which earnest money is tendered to persons or entities other than Licensee or Brokerage Firm (such as a title company), Licensee will monitor the timely tender of funds to such persons or entities.
- vii. Release of Earnest Money – No Dispute. For the return of Earnest Money when there is no dispute, Licensee shall release the Earnest Money by completing the CREC Earnest Money Release form. Licensee shall verify that the form correctly identifies the amounts and parties to whom the Earnest Money is returned.
- viii. Release of Earnest Money – Dispute. In the event that a Buyer and Seller disagree about the disbursement of Earnest Money, then the Licensee will facilitate communication in an attempt to resolve the disagreement.
- ix. Earnest Money for Closing. If the Brokerage Firm holds the earnest money, then:
 - A. it must be deposited in the Brokerage Firm's Trust or Escrow Account no later than three (3) business days following receipt of funds or mutual execution of contract, whichever is later. (5.7.B.)
 - B. it is the duty of the Licensee to notify Broker in a timely manner in advance of an upcoming closing so that the Earnest Money check can be ready for the Licensee prior to closing. Broker requests that this notification be at least five (5) business days in advance, but under no circumstances less than twenty-four (24) hours prior to closing.
- c. **Back-up Contracts.** When acting as a listing broker, Licensee will exercise caution to ensure that there are not two or more executed and enforceable contracts outstanding simultaneously. When the brokerage firm is the listing broker, then any back-up contract must have a clause making the Seller's obligations under the back-up contract conditional upon the termination of the prior contract(s). All clauses indicating a back-up contract shall be approved by the Seller, the Seller's attorney, or shall be from one of the Brokerage Firm's approved back-up contingencies drafted by the attorney for the Brokerage Firm. On a case-by-case basis, the designated Listing Broker and the Seller shall determine whether it is in the Seller's best interest to inform Buyer #1 about the existence of Buyer #2.

- d. **Attendance at Closing.** The Licensee must attend the client's side of the closing in person, virtually attend closing, or have Broker or another Licensee attend for Licensee (in person or virtually). Some of the factors that determine whether virtual attendance might be sufficient in lieu of in person attendance are the: preference of the client, the sophistication of the client and the client's comfort with digital communication, the personality of the client, the complexities of the deal, the level of tension in the deal, the amount of lead time that the broker has had to review documents, and whether the client has an attorney. Whether present in person or virtually, a Licensee must review all closing documents between the Brokerage Firm's Clients and the other principals to the deal to verify accuracy.
- e. **Closed File Procedures.** When turning in the closed file, Licensee shall verify that all necessary closing documents and instructions are properly and fully executed and in the file. The Brokerage Firm may utilize a closing checklist that may vary from time-to-time and transaction to transaction as appropriate. If such a checklist is utilized, Licensee shall complete the checklist for all closed files. No compensation check will be issued to the Licensee until all necessary items are in the office file.

2. FINANCING, NON-QUALIFYING ASSUMPTIONS AND OWNER CARRY

a. New Loans

- i. **Lender Selection.** Licensee shall keep the interests of the Licensee's client(s) in mind when assisting in the selection of a prospective lender.
- ii. **Mortgage Business.** Licensee shall not provide any services that require a mortgage loan originator's license without having such a license currently in good standing and only with the advance written approval of the Broker. Licensee shall not participate in any affiliated business arrangement (as that term is defined under Federal RESPA law and is more broadly defined in Colorado law), regardless of whether such affiliated business arrangement is related to mortgage services or some other service, without the advance written approval of the Broker. If, and only if, Broker allows Licensee to participate in an affiliated business arrangement, then Licensee will do so consistently with all applicable laws. Broker reserves the right to later withdraw its consent to Licensee's participation in any such affiliated business arrangement, and to make Broker's consent subject to certain terms and conditions that Licensee must adhere to.

b. Other Loans/Financing

- i. **Non-qualifying Assumptions, etc.** Licensee will advise the Seller to seek legal counsel about exploring the benefits and practicalities of these options. Licensee will not draft or participate in drafting a contract that proposes a **non-qualifying assumption, wrap around, lease option, or installment land contract** without first consulting with Broker and

obtaining Broker's consent. The Brokerage Firm generally discourages these transactions.

In assumption transactions, where a Licensee has a brokerage relationship with the Seller, and the Seller is not released from liability by the transaction, then Licensee shall inform the Seller of the following:

- (1) That the Seller continues to remain liable on the assumed loan and loses control of the collateral for the loan (e.g., the real estate sold) after the sale to the Buyer;
- (2) That the Seller's creditworthiness could be damaged by a default on the loan by the Buyer or a successor of the Buyer;
- (3) That there may be alternatives to the Seller continuing to remain liable on the loan, including:
 - 1) the Seller only accepting a Buyer who can obtain new financing;
 - 2) obtaining releases of liability from both the lender holding the loan and any entity guaranteeing the financing; or
 - 3) the Seller carrying an all-inclusive note secured by an all-inclusive deed of trust or other financing secured by the property, to give the Seller the ability to foreclose on the property in the event of a default on the first deed of trust.

ii. **Owner Financing.** In situations where the parties contemplate Seller carry financing, the Brokerage Firm follows the position of the Colorado Division of Real Estate as currently expressed in Section 4.7 of the Contract to Buy and Sell Real Estate:

§4.7 Seller or Private Financing.

WARNING: Unless the transaction is exempt, federal and state laws impose licensing, other requirements and restrictions on Sellers and private financiers. Contract provisions on financing and financing documents, unless exempt, should be prepared by a licensed Colorado attorney or licensed mortgage loan originator. Brokers should not prepare or advise the parties on the specifics of financing, including whether or not a party is exempt from the law.

The best practice in such situations is to encourage the parties to get an attorney involved to help the Seller set the terms of such financing. Licensees are encouraged to develop a list of one or more attorneys and/or mortgage loan originators to which to refer principals who seek Seller carry financing.

3. **GUARANTEED BUYSOUTS.** Licensees shall not guarantee buy-outs without the prior written consent of Broker. If Broker approves a guaranteed buy-out, then Licensee shall prepare the contract and close the transaction consistently with then-applicable Colorado real estate license law, including but not limited to then-applicable Real Estate Commission rules and positions regarding such transactions and the use of the then-current Commission-approved form of "Licensee Buy Out Addendum to Contract to Buy and Sell Real Estate." (See also **LICENSEE'S PURCHASE AND SALE OF PROPERTY** below).
4. **INVESTOR PURCHASES.** Licensees should not guarantee price appreciation or make other definitive predictions. Investing in real estate is highly speculative. Licensees should avoid violating any securities laws.
5. **BROKERAGE RELATIONSHIPS.** Broker's policy on identifying brokerage relationships offered to the public is addressed in a separate agency or brokerage relationships policy on file with Broker.
6. **PROCEDURES FOR DESIGNATING LICENSEES.** If the Brokerage firm has more than one natural person as a licensee, then Broker's procedures for designation of Licensees ("Designated Broker") who are to work with a Seller, Landlord, Buyer, or Tenant, individually or in teams (as that term "team" is defined under Colorado Real Estate Commission Rules), are addressed in a separate agency or brokerage relationships policy on file with Broker. The broker relationships policy addresses how the Employing Broker participates in a transaction as a Designated Broker.

7. CONFIDENTIAL INFORMATION

- a. **Confidential Information.** The following information is confidential between a Licensee and their Client:
 - i. The Seller or Landlord is willing to accept less;
 - ii. The Buyer or Tenant is willing to pay more;
 - iii. Information regarding motivating factors for the Client;
 - iv. Information that a Client will agree to other financing terms;
 - v. Material information about a party not required by law to be disclosed;
 - vi. Facts or suspicions which may psychologically impact or stigmatize a Client's property;
 - vii. All information required to be kept confidential pursuant to §§ 12-10-404(2), 12-10-405(2) and 12-10-407(3), Colo. Rev. Stat.

Examples of confidential information are the Client's relocation, divorce, or pending foreclosure. 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 Designated Broker to disclose. For example, as a means of attracting offers, the Seller may wish to inform the market that the Seller is motivated.

b. Inadvertent Disclosure. In general, Licensees who are individual Designated Brokers should handle communication within the office in a way which is mindful of the potential that other Licensees in the office may represent Buyers and Sellers who have an interest adverse to Clients of the individual Designated Broker. Under designated brokerage, the law specifically prohibits the sharing of confidential information, unless the Client has authorized such disclosure. Situations where inadvertent disclosure of confidential information is more likely to occur include, but are not limited to:

- i. Sales meetings or marketing sessions,
- ii. Shared fax or copy machines,
- iii. Shared computer networks, printers, and file directories,
- iv. In-office mailboxes,
- v. Handwritten telephone messages,
- vi. Phone conversations or meetings with Clients,
- vii. Documents relating to relocation, divorce, pending foreclosure and other sensitive documents left unsecure on a computer or desk,
- viii. Conversations with affiliated business providers,
- ix. Production boards, and
- x. Social functions.

c. Disclosure Within Brokerage Firm. Designated Brokers shall not disclose such confidential information to other Licensees in the Brokerage Firm without the consent of the client. Licensees in the Brokerage Firm shall not seek out such confidential information from other Designated Brokers or from any Brokerage Firm file.

d. Separate Files. Each Client shall have a separate file maintained by the Client's Designated Broker on behalf of the Employing Broker. Access to the file is locked and only accessible by the Designated Broker, the Designated Broker's team, the Brokerage Firm's back-office staff and the Employing Broker. No one else shall have access to, or view, that file without the prior approval of the Employing Broker.

- e. **Communication with Clients.** Designated Brokers shall inform Clients that other Licensees in the Brokerage Firm may be working with the other side of the transaction so that Clients should direct all communication which is sent to the Brokerage Firm to the Client's Designated Broker, the Designated Broker's team or the Brokerage Firm's back-office staff.
- f. **Review of Client Communication.** Licensees, other than the Employing Broker, shall not review communication from Clients which is not directed to that Licensee. Designated Brokers may reveal confidential information to the Employing Broker without changing or extending the designated brokerage relationship beyond the Designated Broker.
- g. **Broker Status on Learning Confidential Information.** Any Licensee who learns of confidential information of a Client of the Brokerage Firm shall be considered a Designated Broker for that Client. In the event of an In-Company Transaction between such a Client and another Client of the Licensee, then both Clients shall be informed that their Designated Broker is working as a transaction-broker. If such disclosure creates a change of the brokerage relationship with a Client, then the disclosure will be made through the use of the Colorado Real Estate Commission form designated for that purpose.

8. 9. and 10. PROTECTION OF PERSONALLY IDENTIFYING INFORMATION

- a. **Preservation of Information.** The Brokerage Firm and Licensees will generally comply with Colorado Real Estate Commission Position 30, as it evolves. 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.
- b. **Data Protection Policy.** Broker's policies for the protection of personally identifying information, together with the disposal of records and practices for security breaches are addressed in a separate policy on file with the Brokerage Firm.

11. LICENSEE'S PURCHASE AND SALE OF PROPERTY

a. Purchasing Company Listings

- i. **Property Where Buyer Is Not Seller's Designated Broker.** Licensees may purchase properties listed by the Brokerage Firm where the purchasing Licensee is not the Seller's Designated Broker. If the Employing Broker is the Buyer, then the Employing Broker shall address the conflict of interest on a case-by-case basis.
- ii. **Property Where Buyer Is Seller's Designated Broker.** The Brokerage Firm discourages Licensees from purchasing properties in which the Licensee is the Seller's Designated Broker. Switching the Client relationship to a relationship

in which the Licensee and Seller are both principals may present conflicts of interest. Therefore, Licensees should make the “buy or not to buy for their own account” decision before they attempt to list a potential Seller’s property. Exceptions to the general rule identified in the preceding sentence can be made on a case-by-case basis only by the Employing Broker, in writing, and only if Licensee complies with the Real Estate Commission’s position on Broker Buying Property, currently CP14.

- iii. In addition, such offers to purchase shall be written on Real Estate Commission approved forms only and shall contain a clause that reads substantially as follows:

“Buyer is a licensed Colorado real estate broker purchasing for their own account with the expectation of making a profit. Buyer/Licensee may possess superior knowledge as to price, the market and terms. Seller is advised to have the property appraised and to contact an attorney prior to accepting this offer. Buyer/Licensee is not acting on behalf of Seller and Seller shall be deemed a customer for this transaction.”

Licensee shall notify Broker in advance of the submission of any such offer and shall utilize Brokerage Firm in connection with any such transaction. Licensee shall refer to the separate agency or brokerage relationships policy on file with Broker for the policy regarding the brokerage relationship to be established in connection therewith.

- b. **Licensee Sales.** When a Licensee sells a property in which the Licensee has an ownership interest and:

- i. The Licensee expects to receive compensation from the sale; or
- ii. The property is listed in a multiple listing service of which the Brokerage Firm or the Employing Broker is a member; or
- iii. The Licensee uses any resources of the Brokerage Firm, such as the name of the Brokerage Firm, the Brokerage Firm’s trademarks, the Brokerage Firm’s email domain, any of the Brokerage Firm’s form generation or document management systems, or the staff of the Brokerage Firm,

then the Licensee must list the Property with the Brokerage Firm.

- c. **Buying or Selling on Own Account (Generally).** If Licensee is a principal in a real estate deal, then the Licensee must disclose that they are a Licensee in the contracting instrument (for example the contract or lease). Any identified conflict of interests with our Clients will be discussed with the Client as the conflict of interest becomes known to Licensee and licensee will follow up with a written disclosure of the conflict of interest and Licensees must otherwise comply with CREC Rule 6.17.

12. LICENSE RENEWALS, TRANSFERS, AND RESPONSIBILITY FOR CONTINUING EDUCATION

- a. Transfer to Brokerage Firm.** When a Licensee transfers to Brokerage Firm, Licensee shall abide by this Manual and the Brokerage Firm's Independent Contractor Agreement. 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 Brokerage Firm and will, prior to actively engaging in any real estate activities, sign Brokerage Firm's Independent Contractor Agreement.
- b. Renewal of License.** When a Licensee's real estate license is renewed, Licensee will ensure that all necessary continuing education courses have been taken in accordance with the requirements of the Real Estate Commission. Proof of this may be required by the Commission. Licensee agrees to provide such proof if requested by either the Commission or Broker. Though Broker has some responsibility to its regulator to monitor compliance with Colorado license law, as between Licensee and Broker, Licensee shall be responsible for monitoring the renewal of Licensee's licenses and for taking all necessary steps to keep the same in good standing. 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 Colorado. Licensee shall immediately inform Broker if Licensee becomes aware of a transfer or renewal deficiency, or of any other circumstances that could be reasonably expected to potentially impact the status of Licensee's license. Brokerage Firm is not responsible to provide courses that are approved for continuing education credit.
- c. Transfer of License from Brokerage Firm.** When a Licensee transfers Licensee's license from Brokerage Firm to another brokerage, Licensee shall first notify Broker, in order to provide the minimum notice that Licensee is obligated to provide the Brokerage firm as required in the Independent Contractor Agreement between Licensee and the Brokerage Firm. Only after Licensee provides the Company such minimum notice may the Licensee notify the Real Estate Commission that Licensee no longer works under Brokerage Firm. Upon Licensee's notice to the Real Estate Commission, Licensee shall halt all real estate activity in the name of Brokerage Firm. Licensee shall assist Broker in notifying, either orally or in writing, all members of the public with whom the Licensee is working or whom the Licensee represents. Unless agreed elsewhere to the contrary, all buyer listings and seller listings, are and remain the property of the Broker who shall designate a replacement Licensee to complete the brokerage relationship.

13. DELEGATION OF AUTHORITY AND SUPERVISION

- a. Authority to Transact.** Broker may delegate the authority to conduct transactions to Licensees as Broker deems reasonable on a case-by-case basis. Licensee may initially draft and have parties execute contracts, listing agreements, and other documents as addressed in the typical real estate transaction section discussed herein.

b. **Authority to Supervise.** Employing Broker may delegate supervisory authority only as permitted by the applicable CREC Rules (currently rule 6.3.F) and shall not contract with Licensee so as to circumvent the requirement that the Broker supervise employed Licensees. Absent a delegation of supervisory authority, Broker shall supervise Licensee as provided in the applicable CREC Rules (currently Rule 6.3).

14. PROPERTY MANAGEMENT & OTHER ACTIVITY IN WHICH LICENSEE MAY COME INTO POSSESSION OF MONEY BELONGING TO OTHERS. Except as may be provided in section 1.b above (addressing earnest money), and except for any explicit exceptions that are granted by the Employing Broker in writing, the Brokerage Firm will not accept "Money Belonging to Others" (as that term is defined in CREC Rules, Chapter 1). Examples of Money Belonging to Others that the Brokerage firm will not accept are guest deposits for short term rentals, security deposits for Licensee's own rental property, and deposits from a buyer when a Licensee is acting as a builder. The Brokerage Firm does not engage in Property Management, nor participate in or provide property management for residential or commercial real estate, nor shall the Brokerage Firm participate in any other activity in which the Brokerage Firm may come into Money Belonging to Others, without the prior written consent of Broker.

For properties in which a Licensee has an ownership interest that is equal to or greater than twenty (20%) percent, then the Licensee may provide services that may lead to, or actually do lead to, the Licensee's receipt of Money Belonging to Others, so long as Licensee conducts that activity in accordance with the then-applicable Rules and Policy Statements of the Real Estate Commission, and all applicable requirements of Colorado real estate license law, which at the time of the drafting of this Manual includes CREC Rule 5.11.

Other than the limited conduct described in the foregoing paragraph, the Brokerage Firm does not permit Licensees to accept or handle Money Belonging to Others.

15. PROPERTY LISTING PROCEDURES, INCLUDING RELEASE OF LISTINGS

a. **New Listing.** When obtaining a new listing, Licensees shall:

- i. Where possible, avoid reliance upon information supplied by any previous offering brochure, County Assessor, MLS information, or other documents. Such sources may be incorrect. All Licensees shall include a disclaimer substantially similar to the following on brochures or other printed promotional information: "The information contained herein should be verified after buyer contracts to buy the property." Listing brokers should seek to verify, from the seller, the accuracy of all information disseminated by the broker to the public.
- ii. Obtain a Seller's Property Disclosure, filled out and signed by Seller, unless Seller elects not to provide such Disclosure. If Seller resists providing a Seller's Property Disclosure, Licensee should consult Employing Broker.
- iii. Comply with any then applicable Rule and/or Position Statement of the Real Estate Commission regarding square footage or the verification thereof.

- iv. Avoid quoting lot size, acreage, fence lines, etc., without having supporting documentation. Licensee will disclose the source of the listing broker's representation of square footage using the appropriate Colorado Real Estate Commission form.
- v. Comply with Colorado's brokerage relationship statute.
- vi. Have Seller sign appropriate listing contract.

b. **Release of Listings.** In the event that an owner of a property requests a release of listing before it has terminated, Licensee shall consult with Broker. Broker shall resolve any such requests on a case-by-case basis.

c. **Termination of Listing Contracts.** When the Brokerage Firm agrees to terminate a Listing Contract prior to expiration of the Contract, such termination of Listing Contract between the Brokerage Firm and the Client must be done in writing. A request by a Client to terminate a Listing Contract prior to expiration does not obligate Brokerage Firm to terminate the contract.

16. TRAINING

- a. **Dissemination of Information.** Broker may have sales meetings and listing tours as determined by Broker. Licensees are encouraged to communicate to Broker any perceived need for education. Broker may use a variety of approaches (i.e., sales meetings, personal conferences, written memorandums, webinars, in-company continuing education) to disseminate information to Licensees. Topics and educational techniques may include, but not be limited to:
 - i. Marketing listings, matching properties and prospects
 - ii. Changes in Real Estate Commission Rules and Regulations
 - iii. Changes within NAR, CAR, 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 or Sales Meetings.** Broker may call staff meetings from time to time as Broker deems appropriate to educate about the topics in subsection a of this Section 16.

17. **USE OF REAPs.** Licensees will utilize Personal Assistants consistently with the Real Estate Commission's most recent position statement on Licensed and Unlicensed Real Estate Administrative Professionals (REAPs) (currently CP-20) and will be cognizant of

the difference between duties that may be performed by licensed assistants and duties that may be performed by unlicensed assistants. The Brokerage Firm will only allow unlicensed assistants to access the property to the extent directed by the seller in the listing agreement. The Brokerage Firm permits unlicensed persons to provide access for Buyers to other companies' listings to the extent permitted by the sellers of those properties and their listing brokers. Licensees utilizing the services of an unlicensed Personal Assistant shall disclose to the Employing Broker the name of and services provided by and Personal Assistant.

18. FAIR HOUSING. 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, gender, national origin, ancestry, physical or mental handicap or disability, marital status, familial status, sexual orientation, gender identity, or any other class protected by applicable law. 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 a Licensee encounters illegal discrimination by Clients or others, the Licensee shall so inform Broker. The Broker and the Licensee will address each situation on a case-by-case basis.

19. LISTING SYNDICATION

- a. **In General.** Listing syndication is a process whereby listings can be distributed to third parties (such as Zillow or Trulia) for publication on the third-party web sites. Listing syndication has the potential benefit of increased marketing exposure for listings at a reasonable cost to consumers. Problems associated with listing syndication include the potential for outdated or inaccurate listings, unauthorized re-syndication of listings, and confusion over the identity of the listing broker. In general, Licensees will comply with Colorado Real Estate Commission Rule 6.10 (as it evolves) which currently requires Licensees to "submit a written request to any third-party syndicators to have all expired listings removed from Electronic Media within three (3) days of a Listing Contract expiring." (See 6.10.D.2.)
- b. **Syndication Policy.** The advantages and disadvantages of listing syndication are constantly changing. If Listing Broker and Client decide to use listing syndication services, Listing Broker will make a reasonable effort to correct outdated or inaccurate information in a timely manner if and when such information is brought to the Listing Broker's attention.

20. 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 access to properties, the preparation of CMAs or BPOs for reason other than anticipated sale, purchase or lease (see CREC Rule 6.12) and staging services for properties. All compensation, including

commissions or other valuable consideration for performance of any real estate related activities must be paid to the Brokerage Firm. For activities that require a real estate license, 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 receives compensation for unlocking property to allow access, but who is not conducting the showing herself, must notify their Employing Broker of this activity.

21. DO NOT CALL. Licensee must not engage in any marketing that violates “Do Not Call Laws” in Telephone Consumer Protection Act 47 USC § 227 and like statutes.

22. LOAN FRAUD

a. **Exaggerating the Purchase Price.** Lenders generally make real estate-secured loans based upon two considerations: the credit worthiness of the borrower and the value of the collateral. Lenders estimate the value of the collateral by having the property appraised and examining the price the Buyer is willing to pay. Appraising is not an exact science, and appraisers sometimes make mistakes. Lenders consider the purchase contract in making estimates of the value of the property because Buyers don’t intentionally pay more for a property than it is worth to the buyer. Any time value is coming back to a Buyer out of a transaction, the lender has a right to know so that the lender can decide whether the rebate should be treated as a price concession.

For example, consider a Buyer who has entered into a contract to purchase a property for \$600,000. After learning of a roof problem, the Seller agrees to pay the Buyer \$30,000 in exchange for the Buyer taking the condition of the property at closing subject to the roof defect. Consider two of the many ways of handling this situation:

- i. **Price Reduction.** In the “Price Reduction Scenario,” the Seller and Buyer reduced the price by \$30,000 to \$570,000. The Buyer is purchasing the property with an 80% loan-to-value mortgage. The loan will be for \$456,000 and the Buyer will need to bring approximately \$114,000 to close.
- ii. **Rebate.** In the “Rebate Scenario” the price is kept at \$600,000, but the Seller rebates \$30,000 to the Buyer. The lender does not treat the rebate as a price concession, either because the lender is not aware of the rebate, or because the lender has simply chosen not to treat it as a price concession. Under this rebate scenario, the Buyer borrows \$480,000 with an 80% loan. While the Buyer brings \$120,000 to closing, the Buyer receives a rebate of \$30,000 from the Seller so that the Buyer’s net out-of-pocket cash is only \$90,000, \$24,000 less than under the Price Reduction Scenario.

In both cases, the Buyer has paid \$570,000 for the property. In the Price Reduction Scenario the Buyer has put up more cash, but benefits by having a lower mortgage. In the Rebate Scenario, the Buyer has paid less cash and has a higher mortgage. Because cash is precious, many Buyers will prefer the Rebate Scenario. For some

Buyers it is not a matter of preference. They don't have the additional \$24,000 and must either use the Rebate Scenario or not purchase the property. Aware that many lenders will treat the \$30,000 rebate as a price concession, participants in the deal sometimes hide the rebate from the mortgage investor who funds the loan. Sometimes subtle schemes have evolved in an attempt to make the kickback seem less fraudulent. Consider the following two examples:

- iii. **Hidden Rebate.** The mortgage broker nominally charges the borrower \$30,000 in points and fees. The Seller agrees to pay for those loan charges and this payment is disclosed to the mortgage investor. However, unbeknownst to the mortgage investor, the mortgage broker then rebates the \$30,000 to the Buyer.
- iv. **Unpaid Second Mortgage.** Another example is that instead of bringing \$120,000 in cash to the closing, the Seller agrees to accept \$90,000 in cash and carry a second mortgage for \$30,000. The Seller-carry second deed of trust is disclosed to the lender, but there is a side agreement that the second mortgage will never be paid.

b. **Loan Fraud Defined.** Loan fraud requires a misrepresentation with the intent to mislead. Both the Hidden Rebate and the Unpaid Second Mortgage scenarios are loan fraud because they mislead the mortgage investor about the true nature of the deal. Further, C.R.S. §18-5-208 (2002) provides:

Dual contracts to induce loan

It is a class 2 misdemeanor for any person to knowingly make, issue, deliver, or receive dual contracts for the purchase or sale of real property. The term "dual contracts", either written or oral, means two separate contracts concerning the same parcel of real property, one of which states the true and actual purchase price and one of which states a purchase price in excess of the true and actual purchase price, and is used, or intended to be used, to induce persons to make a loan or a loan commitment on such real property in reliance upon the stated inflated value.

The undisclosed dual contract in the Hidden Rebate example is the contract for the mortgage broker to rebate money to the Buyer. The undisclosed dual contract in the Unpaid Second Mortgage example is the agreement to ignore the second mortgage.

A lender who is aware of the \$30,000 rebate may choose not to treat it as a price concession and make the loan based upon a \$600,000 valuation. If the \$30,000 rebate is memorialized in a contract amendment provided to the lender and reflected in the closing disclosure for the buyer's loan, and the lender chooses to make the loan based upon a \$600,000 valuation, there is no fraud.

c. **Prohibition and Other Examples.** Licensees shall not engage in loan fraud. If a Licensee suspects that they are being asked to participate in loan fraud, the Licensee shall consult with Broker and together the Licensee and Broker shall evaluate and address the situation on a case-by-case basis. In addition to loan fraud which

exaggerates the purchase price, other examples of loan fraud include, but are not limited to:

- i. Bogus “gift” letters
- ii. False owner occupancy claims
- iii. Undisclosed changes in financial circumstances post-loan application, pre-closing
- iv. Phony appraisals
- v. False leases suggesting that a vacant unit is rented to a Tenant

23. **FHA TRANSACTIONS.** Licensees shall not contribute or otherwise subsidize any portion of a Buyer’s earnest money or cash due at closing for an FHA loan.

24. **SECURITY OF PROPERTY FOR SALE.** As a listing broker, Licensee may provide property access to persons who do not own the property, such as Buyers, appraisers, inspectors, videographers, and selling brokers. When a Licensee provides access to a property through licensees who are not part of Brokerage Firm, the Licensee may rely upon the licensees to adequately re-secure the Property. As part of listing a property for a seller, the listing Licensee will inquire about the seller’s preferences for striking the balance between the need to keep the property and its occupants secure and the desire to make it accessible and will address the seller’s choices in the listing agreement. As provided elsewhere in this Manual, Licensees must comply with any public health orders and other like orders from any governmental entity that has jurisdiction over the activities of Licensee.

25. **SEXUAL AND OTHER UNLAWFUL HARASSMENT.** Employing Broker and 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 a form of misconduct that is demeaning to another person, undermines the integrity of the employment or other relationship, and are 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 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 Brokerage Firm, or from a Client of Brokerage Firm should promptly report the matter to the Employing Broker, who will cause the matter to be handled in a timely and confidential manner. Among other things, the Employing Broker will cause the report to be investigated 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 the Employing Broker, then the reporting individual

should immediately contact the Managing Broker, if Broker has designated a Managing Broker other than the Employing Broker, or Broker's general counsel in lieu thereof, who will cause the matter to be investigated 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 Brokerage Firm for persons employed or affiliated with Brokerage Firm to date, except in circumstances where one of such persons is in the same reporting line as 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 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 Brokerage Firm.

26. SAFETY

a. Safety Within the Brokerage Firm. The Brokerage firm strives to provide a safe working environment. To that end:

- i.** The Brokerage Firm will comply with any public health orders and other like orders from any governmental entity that has jurisdiction over the Brokerage Firm. Licensees must also comply with such orders. Brokerage Firm has zero tolerance for violence. Any Licensee, employee of a Licensee, or employee of Brokerage Firm who is violent, or who threatens to be violent, in Brokerage Firm's offices or on the job, whether toward any Client, coworker, Licensee, 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 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, avoid causing more violence, and notify emergency personnel (e.g., by calling 911 for fire, police, or ambulance help) and Broker.
- ii.** Safety of Licensees, their employees, and employees of Brokerage Firm is of the utmost importance to Brokerage Firm. Any Licensee, employee of a Licensee, or employee of Brokerage Firm should immediately inform Broker about any accident or unsafe or hazardous working condition. Brokerage Firm, the building's managers, or certain insurance carriers, may provide separate safety policies or training (e.g., regarding fire safety, exiting the building in an emergency, or preventing and reporting accidents). Licensees, their employees, and employees of Brokerage Firm shall comply with any separate safety policy

Brokerage Firm may issue or implement and participate in all safety training that Brokerage Firm provides or approves.

- iii. The Brokerage Firm desires to keep Brokerage Firm's premises accessible only to Licensees, their employees, Brokerage Firm employees, Clients, and other persons who have a legitimate reason to be in Brokerage Firm's offices, such as delivery service personnel or vendors.
- iv. Receptionists should permit only authorized persons past the waiting or reception area. Any Licensee, employee of a Licensee, or employee of 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 their office, work area, or other appropriate area. Guests should be with a Licensee, employee of a Licensee, or employee of Brokerage Firm at all times and should not be left alone or allowed to wander through Brokerage Firm's offices by themselves. All Licensees, employees of Licensees and employees of 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 they are there to see. Licensees, employees of Licensees, and employees of Brokerage Firm should also promptly let the Broker know if anyone is in Brokerage Firm's offices who is not a Licensee, employee of a Licensee, employee of Brokerage Firm, or authorized guest.
- v. Before leaving Brokerage Firm's premises, each person should turn off all equipment and power sources used by them, make sure that their windows, if any, are securely closed, and, if leaving after business hours, make sure that the door through which they depart is closed and locked behind them.

b. **Safety in the Field.** Licensees provide much of their service "in the field" (i.e., outside of any physical office). The Brokerage Firm seeks to have Licensees provide field services in a safe manner. To that end:

- i. Licensees must comply with any public health orders and other like orders from any governmental entity that has jurisdiction over the activities of Licensee.
- ii. The practice of real estate brokerage involves several risk enhancers. For example, Licensees: (i) tend to project an image of success that gives the impression that Licensees are wealthy; (ii) meet unknown prospects at properties; (iii) provide field services outside of normal business hours; (iv) sit open houses alone; (v) enter vacant properties alone; (vi) drive with strangers and multitask in cars; (vii) put themselves in the public eye and make it easy for predators to contact the Licensee; (viii) sometime have personal information of others; (ix) may not perceive that they are at risk, especially in seemingly benign environments and (x) sometimes struggle to make a living in a very competitive business. Every situation is different. It is not practical to

identify in this manual all steps that Licensees should take to avoid all risks in all situations. The Brokerage Firm encourages Licensees to take and follow education about field safety. The website of the National Association of Realtors® is a source for licensee specific information about safety at nar.realtor.

27. FILE MAINTENANCE. Licensee shall maintain files for each Client they serve on behalf of Broker and the Brokerage Firm. The file, its contents, and information related thereto shall be property of the Brokerage Firm. The term “file” as it is used in this Manual shall include, but not be limited to, paper/physical files, electronic files, or both of them.

In light of designated brokerage, a Licensee in Brokerage Firm may have a brokerage relationship with a Client who has an interest adverse to another Client of the Brokerage Firm. A Licensee shall not provide access to any file they maintain to other Licensees of the Brokerage Firm without first reviewing the file to determine whether any confidences of the subject Client will be revealed to the Licensee receiving the file. See section 7 of this Manual for more specifics about preserving confidentiality.

28. BUSINESS OPPORTUNITIES. No Licensee shall participate in the sale of a business opportunity other than a business opportunity which the Licensee owns, without the prior written consent of Broker. Broker’s approval of one Licensee for sales of business opportunities shall not serve as a precedent for any other Licensee to participate in sales of business opportunities.

29. GENERAL

- a. Non-Compliance.** Without limiting any specific remedy provisions in this Manual, the failure of Licensee to comply with any of the policies herein may be considered by Brokerage Firm and Broker as cause for terminating Licensee’s independent contractor relationship with Brokerage Firm. Additionally, no compensation check will be issued to Licensee for any transaction until all procedures have been complied with and until any prior defaults have been cured.
- b. Compliance with Law.** If any policy contained herein conflicts with any law, then the law shall supersede the conflicting policy or policies. In addition to any requirement stated in this Manual, Licensee shall abide by all applicable law, regulation and orders (including public health orders).
- c. Virtual Equivalence.** Any phrasing in the Manual that implies action in the physical world can be accomplished through a generally accepted digital alternative. For example, any act, attendance or supervision that must be performed by Licensee may be performed in person and may also be performed remotely through digital or other virtual attendance if such virtual attendance provides the functional equivalent (or better) service than the in-person attendance. Any requirement requiring a “signature” may be satisfied with a digital signature.

- d. **Discretionary Decisions of Broker.** Any decisions that Broker may make in this policy that do not reference objective criteria, may be made by Broker in Broker's sole and subjective discretion.
- e. **Replacement of Prior Manuals.** This Manual replaces all prior policies of the Brokerage Firm, except for any policies specific to leasing and property management services.
- f. **Duty to Report.** 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.
- g. **Terms Not Otherwise Defined.** If a term or phrase is used in this Manual that is not defined in this Manual, then it shall have the meaning given by Colorado Real Estate Commission Rules. If the term or phrase is not defined in the Real Estate Commission Rules, then it shall have its plain English meaning.

* * * * *

By signing below, and through my initials on each page preceding this page, I acknowledge that my Employing Broker has given and explained this manual to me, and that I have read and understood it.

Licensee

Date

This Company Office Policy Manual has been prepared for COLDWELL BANKER MOUNTAIN PROPERTIES based upon the Frascona, Joiner, Goodman, and Greenstein, P.C. Master Office Policy Manual. While this Company Office Policy Manual is the exclusive property of COLDWELL BANKER MOUNTAIN PROPERTIES, Frascona, Joiner, Goodman, and Greenstein, P.C. will create substantially identical, if not identical, Office Policy Manuals for other real estate brokers. This manual is based upon the state of Colorado real estate license law as of January 2025. Changes in statutes, Real Estate Commission rules, Real Estate Commission forms, and precedent may necessitate changes to this manual. Periodically the Employing Broker should confer with legal counsel to keep manual up to date.