

Cardinal Real Estate Partners
Corporate Advisory Services

Customer Referral Program

Cardinal wants to encourage actively licensed real estate brokers and agents to leverage their contacts by making referrals to Cardinal. We have found that the single largest obstacle in referring someone to a commercial real estate broker is the vague nature of how the referral source will be compensated. The following is the recommendation from Cardinal for guidelines compensation, roles, responsibilities and how to resolve disputes. The guidelines have been structured with corporate clients in mind with a wide range of different services and product types taking place in local and non-local markets. The guidelines are not anticipated to cover every possible situation that can arise, however the *spirit* of these guidelines should prevail in all situations.

The Referral Source

In order to participate in any transaction referred by a referral source must have an active real estate license. If the referral source or the referred company does not utilize Cardinal Partners, Cardinal will receive no compensation.

Simple Referrals: 10% to 15% of Cardinal Partner's gross commissions or net fees to the referral source and 90% to 85% to Cardinal Partners, (such gross commissions to be determined in accordance with standard commercial brokerage policies including deducting any client rebate(s) and deal expenses or other splits with supporting third-party brokerage firms.)

Exclusive Representations:

- a. When Cardinal's gross commissions are **more than \$5,000 and;**
 - i. **Scope of services is generally as follows:**

<u>Referral Source</u>	<u>Cardinal Partners</u>
Obtaining written exclusive	Broker of Record
General customer coordination	Provide Market Survey
Definition of requirement	Property Tours
RFP coordination with customer	Local RFP coordination
Final decision on vendors	Local vendor coordination
Proposal and lease negotiation	Local proposals, leases
Customer satisfaction survey	Punch list and sat. survey

Under this scenario, the referral office remains involved in the transaction, but generally is not required to travel to the market. Commission splits are as follows:

35% to 50% to procuring office

65% to 50% to receiving office

OR

ii. **Scope of services is generally as follows:**

Referral Source

Obtaining written exclusive
General customer coordination
Definition of requirement
Property Tours
RFP coordination
Vendor coordination
Proposal processing
Lease processing
Punch List
Customer survey

Cardinal Partners

Broker of Record
Provide Market Survey
Possibly be available for tours
and local meetings

Under this scenario, the customer requests or requires that the referral source have a higher level of involvement, in the transaction, including traveling to the market, conducting tours, soliciting RFP's, etc. Since the exact scope is difficult to determine (depending on the customer) the commission split is NEGOTIABLE within the following parameters:

Procuring Office 60 – 80%

Receiving Office 40 – 20%

b. When Cardinal gross commissions are **less than or equal to \$5,000;**

- Commission splits are negotiable based on the involvement and requirements of the people and transaction. The referral source is encouraged to concede the great majority of the compensation to the Cardinal Partners as these small transactions generally are not very desirable even when receiving 100% of the fee. Procuring offices should rationalize this by paying fairly for execution of a non desirable assignment, as they will be assured that their contact will receive an excellent value and be well taken care of. If the customer is full of these types of assignments, Cardinal may either not take the business or structure a specific compensation policy which rewards everyone's efforts equitably.

For situations listed above where the commission split is negotiable, and procuring and receiving offices cannot agree on the split, an informal arbitration committee will be established for making the final decision. In order for the committee to "hear" a dispute, both parties must contribute \$5,000 to the committee. The committee will be made up of a broker with national practice experience and 2 other senior professionals that the parties mutually agree upon. The committee will not simply "split the difference". Instead, the committee will attempt to select one of the two cases presented in its exact presented form as the final decision. The decision of the committee will be final – no appeals, end arounds, or bellyaching.

DEFINITIONS:

- I. **Simple Referrals:** Phone, e-mail, or written referrals where The referral source does **not** have a written or oral exclusive and the company does NOT already have a broker.
- II. **Exclusive Representations:** The referral source has a WRITTEN exclusive signed by the contact covering the referred assignment specifically or all transactions in general. Oral or handshake exclusives also apply, however it is assumed that at some point a letter affirming representation will need to be produced and presented to a landlord and/or their representatives.
- III. **Other third-party brokers:** A brokerage office which is licensed and in good standing in the state or jurisdiction where the transaction will occur. Should the transaction occur in a market where Cardinal Partners is not licensed, but implements its practices, procedures and is actively involved in the transaction.
- IV. **Market Survey:** A written report provided on the subject market Cardinal Partner, to the client which includes the following as examples. (It should be noted that, in many cases, the content of a market survey is generally determined by the customer):
 - a. Comparable Leases/Sales for the last 12 months
 - b. Available buildings/sites with brochures meeting requirements
 - c. Map showing A and B above
 - d. Market Overview to include:
 - i. Total Inventory Base for total market and submarkets
 - ii. Gross & Net absorption for total market and submarkets for last 2 years
 - iii. Terms of all significant transactions in last 12 months