

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2016 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>			
A	This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)	
	☒ a single-employer plan ☐ a DFE (specify) ____		
B	This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)	
C	If the plan is a collectively-bargained plan, check here. ☐		
D	Check box if filing under:	☒ Form 5558 ☐ special extension (enter description)	☐ automatic extension ☐ the DFVC program

Part II	Basic Plan Information —enter all requested information		
1a	Name of plan <u>KWRI 401(K) PLAN</u>	1b	Three-digit plan number (PN) ► <u>001</u>
		1c	Effective date of plan <u>09/01/2006</u>
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>KELLER WILLIAMS REALTY, INC.</u> <u>1221 S. MOPAC EXPRESSWAY, SUITE 400</u> <u>AUSTIN, TX 78746</u>	2b	Employer Identification Number (EIN) <u>74-2756628</u>
		2c	Plan Sponsor's telephone number <u>512-327-3070</u>
		2d	Business code (see instructions) <u>531210</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/04/2017	ANN S. YETT
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number)			Preparer's telephone number

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2016)
v. 160205

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
5 Total number of participants at the beginning of the plan year	5 362
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year..... a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	6a(1) 265 6a(2) 265 6b 9 6c 86 6d 360 6e 0 6f 360 6g 349 6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2A 2E 2F 2G 2J 2K 2T 3D b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2016 This Form is Open to Public Inspection.
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For calendar plan year 2016 or fiscal plan year beginning **01/01/2016** and ending **12/31/2016**

A Name of plan KWRI 401(K) PLAN	B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 KELLER WILLIAMS REALTY, INC.	D Employer Identification Number (EIN) 74-2756628

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

- 1 Information on Persons Receiving Only Eligible Indirect Compensation**
- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
RETIREMENT HORIZONS INC.	2201 TIMBERLOCH PLACE SUITE 150 THE WOODLANDS, TX 77380

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
MAXWELL, LOCKE & RITTER, LLP	401 CONGRESS AVE. SUITE 1100 AUSTIN, TX 78701

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

RETIREMENT HORIZONS INC

76-0551734

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15	NONE	5643	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

TD AMERITRADE

84-0519832

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
21	NONE	1428	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) <small>Internal Revenue Service</small> <hr/> <small>Department of Labor</small> <small>Employee Benefits Security Administration</small> <hr/> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016		
A Name of plan KWRI 401(K) PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 KELLER WILLIAMS REALTY, INC.	D Employer Identification Number (EIN) 74-2756628	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	185746	150562
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	702428	1021703
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)	151729	155097
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	19978838	23516527
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	21018741	24843889

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	21018741	24843889
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1263635	
(B) Participants	2a(1)(B)	1982005	
(C) Others (including rollovers)	2a(1)(C)	71503	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		3317143
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	6696	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		6696
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	769341	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		769341
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	1599247	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		1599247
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		5692427

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1839445	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		1839445
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		20763
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)	5643	
(3) Investment advisory and management fees.....	2i(3)	1428	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		7071
j Total expenses. Add all expense amounts in column (b) and enter total	2j		1867279

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		3825148
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: PMB HELIN DONOVAN, LLP

(2) EIN: 74-3001153

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	
4b		X	

		Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e Was this plan covered by a fidelity bond?	4e	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l Has the plan failed to provide any benefit when due under the plan?	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			
o Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☒ No **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year (See instructions.)

Part V Trust Information

6a Name of trust	6b Trust's EIN
6c Name of trustee or custodian	6d Trustee's or custodian's telephone number

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2016 This Form is Open to Public Inspection.
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan <u>KWRI 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>KELLER WILLIAMS REALTY, INC.</u>	D Employer Identification Number (EIN) <u>74-2756628</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>84-0519832</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2016
v. 160205

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14	Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:	
a	The current year	14a
b	The plan year immediately preceding the current plan year	14b
c	The second preceding plan year	14c
15	Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:	
a	The corresponding number for the plan year immediately preceding the current plan year	15a
b	The corresponding number for the second preceding plan year	15b
16	Information with respect to any employers who withdrew from the plan during the preceding plan year:	
a	Enter the number of employers who withdrew during the preceding plan year	16a
b	If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b
17	If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐	

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18	If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment	☐
19	If the total number of participants is 1,000 or more, complete lines (a) through (c)	
a	Enter the percentage of plan assets held as: Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%	
b	Provide the average duration of the combined investment-grade and high-yield debt: ☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more	
c	What duration measure was used to calculate line 19(b)? ☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____	

Part VII IRS Compliance Questions

20a	Is the plan a 401(k) plan? If "No," skip b	☐ Yes	☐ No
20b	How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor	☐ "Prior year" ADP test
		☐ "Current year" ADP test	☐ N/A
21a	What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test	☐ Average benefit test ☐ N/A
21b	Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes	☐ No
22a	If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter ____ / ____ / ____ and the serial number ____.		
22b	If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter ____ / ____ / ____.		



KWRI 401(K) PLAN

Report of Independent Auditors and
Financial Statements with Supplementary Information
December 31, 2016 and 2015

PMB Helin Donovan

KWRI 401(K) PLAN
Index to Financial Statements and Supplemental Schedule
December 31, 2016 and 2015

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Supplemental Schedule - Assets Held for Investment Purposes End of Year (Unaudited)	12

Independent Auditor's Report

To the Administrator and Participants of the
KWRI 401(k) Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of KWRI 401(k) Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by TD Ameritrade Trust Company, the Trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan Administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the trustee as of December 31, 2016 and 2015, and for the year ended December 31, 2016, that the information provided to the Plan Administrator by the Trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule of *Assets Held for Investment Purposes at End of Year* as of and for the year ended December 31, 2016 is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the Trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

PMB Helin Donovan, LLP

A handwritten signature in black ink that reads "PMB Helin Donovan, LLP". The signature is written in a cursive, flowing style.

Austin, Texas
September 15, 2017

KWRI 401(K) PLAN
Statements of Net Assets Available for Benefits
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Investments, at fair value		
Money market funds	\$ 1,021,703	\$ 702,428
Mutual funds	<u>23,516,527</u>	<u>19,978,838</u>
Total investments	<u>24,538,230</u>	<u>20,681,266</u>
Receivables		
Notes receivable from participants	155,097	151,729
Employer contributions receivable	<u>150,562</u>	<u>185,746</u>
Total receivables	<u>305,659</u>	<u>337,475</u>
TOTAL ASSETS	<u>24,843,889</u>	<u>21,018,741</u>
LIABILITIES	<u>-</u>	<u>-</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 24,843,889</u></u>	<u><u>\$ 21,018,741</u></u>

See accompanying notes and independent auditor's report.

KWRI 401(K) PLAN
Statement of Changes in Net Assets Available for Benefits
December 31, 2016

ADDITIONS:

Changes in net assets attributable to:

Investment gain:

Net appreciation in fair value of investments	\$ 1,599,251
Interest and dividends	769,341
Total investment gain, net	<u>2,368,592</u>

Interest income on notes receivable from participants	6,692
---	-------

Contributions:

Participant	1,982,005
Rollover	71,503
Employer	1,263,635
Total contributions	<u>3,317,143</u>

TOTAL ADDITIONS	<u>5,692,427</u>
-----------------	------------------

DEDUCTIONS:

Deductions from net assets attributable to:

Benefits paid to participants	1,839,445
Deemed distributions	20,763
Plan expenses	<u>7,071</u>

TOTAL DEDUCTIONS	<u>1,867,279</u>
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NET INCREASE	3,825,148
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NET ASSETS AVAILABLE FOR BENEFITS:

BEGINNING OF YEAR	<u>21,018,741</u>
END OF YEAR	<u><u>\$ 24,843,889</u></u>

See accompanying notes and independent auditor's report.

KWRI 401(K) PLAN
Notes to Financial Statements
December 31, 2016 and 2015

NOTE 1. DESCRIPTION OF PLAN

The following description of the KWRI (“Plan Sponsor”, “Plan Administrator”, and “Company”) 401(k) Plan (“Plan”) provides only general information. Participants should refer to the Plan Agreement for a more complete description of the Plan’s provisions.

General

The Plan is a defined contribution plan covering all eligible employees of the Company. Participation in the Plan is at the election of the employees who have completed at least 30 days of service with the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

Employee Contributions

Each year, participants may contribute the lesser of 100% of their eligible compensation or the maximum amount allowed by law (\$18,000 for 2016) of pretax annual compensation, as defined in the Plan. Participants may designate some or all of their contributions as Roth deferrals. Once designated as a Roth deferral, this election is irrevocable and cannot be changed back to a pretax contribution. This Plan also allows for catch-up contributions for participants 50 years of age or older (up to \$6,000 for 2016). Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers nineteen mutual funds and one money market funds as investment options for the participants. The Plan maintains an additional money market fund as a holding account until participant contributions are allocated.

Newly eligible employees are automatically enrolled in the Plan unless they decline to participate. The default contribution rate for automatically enrolled employees is 4% of eligible compensation and the default investment election for employees who do not make their own investment election is the Normal Model Portfolio, a diversified mix of mutual funds invested 60% in stock funds and 40% in bond funds. The default fund is intended to meet the definition of a Qualified Default Investment Alternative.

Employer Contributions

The Company funded a matching contribution of up to 4% of eligible participant compensation for the year ended December 31, 2016. The Company also made discretionary non-elective profit sharing contributions to a select group of non-highly compensated employees. The Company contributions are invested pro-rata with the participant contributions. Contributions are subject to certain limitations. Any annual discretionary contribution from the Company that is due and payable is reflected as employer contributions receivable in the Plan’s financial statements.

Participant Accounts

Each participant’s account is credited with the participant’s contribution and allocations of (a) the Company’s matching contribution, (b) any employer discretionary contributions, and (c) the Plan’s earnings (losses). Allocations are based on participant compensation and contributions or account balances, depending on the type of contribution. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account.

KWRI 401(K) PLAN
Notes to Financial Statements
December 31, 2016 and 2015
(Continued)

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to 50% of their total vested account balance or \$50,000, whichever is less. The notes are secured by the balance of the participant's account and bear interest at prime plus 1%. At December 31, 2016, the rate on all notes range between 4.25-4.50%. All Plan notes must be repaid in five years, except those that are used for the purchase of a principal residence in which case a longer repayment term is permitted. In most cases, repayment of the note will be made through after-tax payroll deductions.

Rollovers and Transfers

Participants who have a balance in another qualified employee benefit plan, as described in Section 401(a) of the Internal Revenue Code, may transfer or rollover the lump sum values of their account directly into the Plan, provided it meets the requirements of the Internal Revenue Code ("IRC").

Vesting

Participants are immediately vested in their contributions, employer matching contributions, and any employer discretionary contributions, plus actual earnings thereon.

Payment of Benefits

Benefits become available to participants on the earliest of four events: (1) termination of employment, (2) death of the participant (benefits are payable to the participant's spouse or beneficiary), (3) disability of the participant, or (4) the participant's retirement.

If the participant is terminated and the vested balance is less than \$1,000, the balance will be automatically paid out in a lump sum. If a participant is terminated and their vested balance is less than \$5,000, but greater than \$1,000, the balance will be rolled over to an individual retirement account designated by the Plan Administrator. If the participants vested account balance exceeds \$5,000, the participants benefits will not be distributed until the participant requests payment from the Plan Administrator. The benefits can be left in the Plan until the participant retires. However, the participant is required to begin taking minimum distributions no later than April 1 of the calendar year following the calendar year the participant turns 70 ½ or terminates employment, whichever is later. In-service withdrawals are permitted after age 59 ½.

On termination of service due to death prior to retirement, the account balance is paid to the participant's spouse or beneficiary upon request. On termination of service due to retirement after age 65, the account balance is paid to the participant upon request.

Distributions During Employment

As a general rule, participant's contributions will remain in the Plan as long as the participant remains employed by the Company. The Plan does provide exceptions to this rule for withdrawals of the participant's contributions under certain circumstances (subject to the satisfaction of the Plan Administrator) that include the following:

- Medical expenses,
- Purchase of a principal residence,
- Post secondary education for participant or their dependents,
- To prevent eviction from or foreclosure on the participant's principal residence,
- Payment of funeral expenses for a member of the participant's family,
- Expenses for repair of damage to the participant's principal residence that would qualify for the casualty deduction under IRC 165.

However, should a participant reach age 59 1/2 and not elect to terminate employment, the participant can take an in-service distribution from their vested account balance.

KWRI 401(K) PLAN
Notes to Financial Statements
December 31, 2016 and 2015
(Continued)

Plan Expenses

The expenses of operating and maintaining the Plan have been paid by the Company. In the event the Company does not continue to pay the Plan expenses, the Plan expenses will be paid by the Plan and charged on a pro-rata basis to the value of the participants' account balances.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Investments are presented at fair value in accordance with GAAP as prescribed for defined contribution plans.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Risks and Uncertainties

The Plan provides for investment in mutual funds. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risks associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

Income Recognition

The Plan presents in the statement of changes in net assets available for benefits the net appreciation or depreciation in the fair value of its investments, which consists of realized gains or losses and the unrealized appreciation or depreciation on those investments. Purchases and sales of securities are recorded on a settlement date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Investment Valuation

Investments are carried at fair value. Fair value, as determined by the Trustee, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (see Note 4).

Certified Investments

Certain information related to investments and notes receivable from participants disclosed in the accompanying financial statements and supplemental schedule, including investments and notes receivable from participants held at December 31, 2016 and 2015, and net appreciation in fair value of investments, interest and dividends for the year ended December 31, 2016, was obtained or derived from information supplied to the Plan Administrator and certified as complete and accurate by TD Ameritrade Trust Company (the "Trustee").

Administration

The Plan is administered by Keller Williams Realty, Inc. (the "Plan Administrator", "KWRI"). The Plan is advised by ML&R Wealth Management, LLC (the "Plan Financial Advisor"). The records of the Plan are maintained by Retirement Horizons, Inc. (the "Plan Recordkeeper"). Plan assets are held by the Trustee. The financial records of the Plan are also maintained by the Trustee.

KWRI 401(K) PLAN
Notes to Financial Statements
December 31, 2016 and 2015
(Continued)

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid balance plus any accrued but unpaid interest. Delinquent participant loans are classified as distributions based upon the terms of the plan document.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Expenses, incidental to the administration of the Plan, such as trustee, recordkeeping, legal, accounting and auditing fees, are paid by the Company. Certain transaction processing fees are charged to the participants and, therefore, are reflected in the accompanying statement of changes in net assets available for benefits as administrative expenses.

Income Tax

The Plan has adopted authoritative guidance to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2013.

Subsequent Events

The Plan has evaluated subsequent events through September 15, 2017, which is the date the financial statements were available to be issued.

Recently Issued Accounting Pronouncement

In July 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960) Defined Contribution Pension Plans (Topic 962) Health and Welfare Benefit Plans (Topic 965)*. This ASU modifies existing standards in order to simplify plan reporting. Under the new provisions, fully benefit-responsive investment contracts will be measured, presented, and disclosed only at contract value. This ASU also removes the requirements for plans to disclose (1) individual investments that represent 5 percent or more of net assets available for benefits and (2) the net appreciation or depreciation for investments at the disaggregated level. Additionally, the ASU will allow for the use of a near-period-end net asset value as a practical expedient for the measurement of investment and invest-related accounts. These amendments are effective for fiscal years beginning after December 15, 2015, with earlier adoption permitted. The Plan adopted the provisions of this ASU for the year ended December 31, 2015.

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. ASU 2015-07 removes the requirement to categorize within the fair value hierarchy investments for which fair values are estimated using the net asset value per share ("NAV") practical expedient. ASU 2015-07 also eliminates certain disclosures for investments that are eligible to be measured at fair value using the NAV practical expedient. ASU 2015-07 is effective for the Plan for fiscal years beginning after December 31, 2015, with retrospective application to all periods presented. The Plan adopted the provisions of this ASU for the year ended December 31, 2016. There were no significant changes to the financial statements as a result of the adoption.

KWRI 401(K) PLAN
Notes to Financial Statements
December 31, 2016 and 2015
(Continued)

NOTE 3. INVESTMENTS (UNAUDITED)

The Plan Administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the Plan Trustee has certified that the following data included in the accompanying financial statements and supplemental schedule are complete and accurate:

- a. Investments, as shown in the Statements of Net Assets Available for Benefits, as of December 31, 2016 and 2015.
- b. Net appreciation in fair value of investments, interest, and dividends, as shown in the Statement of Changes in Net Assets Available for Benefits, for the year ended December 31, 2016.
- c. The Schedule of Assets Held for Investment Purposes at End of Year as of December 31, 2016, as shown in the attached schedule at page 12.

The Plan's independent public accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

NOTE 4. FAIR VALUE OF INVESTMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The framework for measuring fair value provides a fair value hierarchy which requires classification based on observable and unobservable inputs when measuring fair value. The fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs).

The hierarchy consists of three levels:

- Level one — Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Plan can access at the measurement date;
- Level two — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level three — Inputs that are unobservable inputs for the asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

- *Mutual funds* are valued based on quoted market prices in active markets.
- *Money market funds* are valued at cost plus accrued earnings, which approximates fair value

There have been no changes in the methodologies used as of December 31, 2016. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

KWRI 401(K) PLAN
Notes to Financial Statements
December 31, 2016 and 2015
(Continued)

The following tables present the Plan's fair value hierarchy for its investments measured at fair value on a recurring basis as of December 31, 2016 and 2015.

Fair Value Measurements at December 31, 2016				
			Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total	Quoted Prices (Level 1)		
Assets:				
Money market funds	\$ 1,021,703	\$ 1,021,703	\$ -	\$ -
Mutual funds	23,516,527	23,516,527	-	-
Total assets	<u>\$ 24,538,230</u>	<u>\$ 24,538,230</u>	<u>\$ -</u>	<u>\$ -</u>
Fair Value Measurements at December 31, 2015				
			Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total	Quoted Prices (Level 1)		
Assets:				
Money market funds	\$ 702,428	\$ 702,428	\$ -	\$ -
Mutual funds	19,978,838	19,978,838	-	-
Total assets	<u>\$ 20,681,266</u>	<u>\$ 20,681,266</u>	<u>\$ -</u>	<u>\$ -</u>

The Plan has no financial instruments which were valued using Level 2 or Level 3 inputs as of December 31, 2016. The Plan recognizes any transfers between levels in the fair value hierarchy as of the end of the reporting period. There were no transfers between levels for the year ended December 31, 2016.

NOTE 5. NON-PARTICIPANT DIRECTED INVESTMENTS

With the exception of default investments made by the Plan as described in Note 1, the participants directed all other investments as of December 31, 2016 and 2015.

NOTE 6. RELATED PARTY TRANSACTIONS

The Plan Sponsor provided certain Plan administrative services without compensation during the year ended December 31, 2016. During 2016, the Plan Sponsor paid \$15,970 to the Plan Recordkeeper and \$76,485 to the Plan Financial Advisor. Additionally, during 2016, the Plan Sponsor paid \$12,500 in audit fees for the Plan related to the 2015 plan year audit.

NOTE 7. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will remain 100% vested in their accounts.

KWRI 401(K) PLAN
Notes to Financial Statements
December 31, 2016 and 2015
(Continued)

NOTE 8. TAX STATUS

The Internal Revenue Service determined and informed the Company by a letter dated March 31, 2014, that the Plan and related trust were designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter, the Plan Administrator believes that the Plan is designed and is currently being operated in accordance with the applicable requirements of the IRC.

NOTE 9. FIDELITY BOND

The Plan was covered by a fidelity bond which automatically increases that limit of liability to equal the amount required under ERISA at the beginning of the insured Plan's fiscal year or \$500,000, whichever is less during 2016. As of December 31, 2016, the Company was in compliance with the ERISA bonding requirements.

NOTE 10. SUBSEQUENT EVENT

During July 2017, the Plan was amended to increase the employer matching contribution to 6% of eligible participant compensation.

KWRI 401(K) PLAN

Employer Identification Number (EIN) 74-2756628

Plan Number (PN) - 001

Schedule H, Line 4i - Schedule of Assets Held for Investment Purposes at End of Year
December 31, 2016 (Unaudited)

(a)	(b)	(c)	(d)	(e)
	Description of Investment including Maturity Date, Rate of Interest, Collateral, Par of Maturity Value	Cost	Current Value	
(a)	Identity of Issuer, Borrower, Lesser of Similar Party	Description of Investment including Maturity Date, Rate of Interest, Collateral, Par of Maturity Value	Cost	Current Value
*	TD Bank USA Money Market Demand Account	Money Market Fund	**	\$ 89,636
*	TD Bank USA Institutional Money Market	Money Market Fund	**	932,067
	American Funds Europacific Growth Fund	Mutual Fund	**	261,251
	American Funds Growth Fund of America	Mutual Fund	**	561,153
	DFA One-Year Fixed-Income I	Mutual Fund	**	106,158
	DFA Intermediate Government Fixed-Income I	Mutual Fund	**	2,556,873
	DFA Real Estate Securities I	Mutual Fund	**	1,271,100
	DFA U.S. Small Cap	Mutual Fund	**	1,607,369
	DFA U.S. Large Cap Value III	Mutual Fund	**	2,810,007
	DFA U.S. Targeted Value	Mutual Fund	**	1,728,659
	DFA Short-Term Government I	Mutual Fund	**	2,670,421
	DFA Emerging Markets Core Equity	Mutual Fund	**	997,068
	DFA International Value III	Mutual Fund	**	1,448,434
	DFA International Small Cap Value I	Mutual Fund	**	1,679,723
	T. Rowe Price New Horizons	Mutual Fund	**	351,574
	Vanguard Growth Index Admiral	Mutual Fund	**	122,388
	Vanguard 500 Index Admiral	Mutual Fund	**	4,197,827
	Vanguard Mid Cap Index Admiral	Mutual Fund	**	371,323
	Vanguard Inflation Protected Securities	Mutual Fund	**	360,833
	Vanguard Interm-Term Bond Index Admiral	Mutual Fund	**	200,054
	Vanguard Small Cap Growth Index Admiral	Mutual Fund	**	214,312
*	Notes Receivable from Participants	Interest Rate at 4.25% - 4.50%		155,097
	Total assets held for investment purposes			<u><u>\$ 24,693,327</u></u>

* Party-in-interest

** Self-directed investment

KWRI 401(K) PLAN

Employer Identification Number (EIN) 74-2756628

Plan Number (PN) - 001

Schedule H, Line 4i - Schedule of Assets Held for Investment Purposes at End of Year
December 31, 2016 (Unaudited)

(a)	(b)	(c)	(d)	(e)
		Description of Investment including Maturity Date, Rate of Interest, Collateral, Par of Maturity Value	Cost	Current Value
	Identity of Issuer, Borrower, Lesser of Similar Party			
*	TD Bank USA Money Market Demand Account	Money Market Fund	**	\$ 89,636
*	TD Bank USA Institutional Money Market	Money Market Fund	**	932,067
	American Funds Europacific Growth Fund	Mutual Fund	**	261,251
	American Funds Growth Fund of America	Mutual Fund	**	561,153
	DFA One-Year Fixed-Income I	Mutual Fund	**	106,158
	DFA Intermediate Government Fixed-Income I	Mutual Fund	**	2,556,873
	DFA Real Estate Securities I	Mutual Fund	**	1,271,100
	DFA U.S. Small Cap	Mutual Fund	**	1,607,369
	DFA U.S. Large Cap Value III	Mutual Fund	**	2,810,007
	DFA U.S. Targeted Value	Mutual Fund	**	1,728,659
	DFA Short-Term Government I	Mutual Fund	**	2,670,421
	DFA Emerging Markets Core Equity	Mutual Fund	**	997,068
	DFA International Value III	Mutual Fund	**	1,448,434
	DFA International Small Cap Value I	Mutual Fund	**	1,679,723
	T. Rowe Price New Horizons	Mutual Fund	**	351,574
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	Vanguard Small Cap Growth Index Admiral	Mutual Fund	**	214,312
*	Notes Receivable from Participants	Interest Rate at 4.25% - 4.50%		155,097
	Total assets held for investment purposes			<u><u>\$ 24,693,327</u></u>

* Party-in-interest

** Self-directed investment

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2016 This Form is Open to Public Inspection
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Part I Annual Report Identification Information		
For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>		
A This return/report is for:	☐ a multiemployer plan ☒ a single-employer plan	☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report ☐ an amended return/report	☐ the final return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here. ☐		
D Check box if filing under:	☒ Form 5558 ☐ special extension (enter description)	☐ automatic extension ☐ the DFVC program

Part II Basic Plan Information—enter all requested information		
1a Name of plan KWRI 401(k) Plan	1b Three-digit plan number (PN) ▶	001
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) Keller Williams Realty, Inc. 1221 S. Mopac Expressway, Suite 400 Austin TX 78746		1c Effective date of plan 09/01/2006 2b Employer Identification Number (EIN) 74-2756628 2c Plan Sponsor's telephone number (512) 327-3070 2d Business code (see instructions) 531210

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE		<u>10/4/17</u>	Ann S. Yett
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE		<u>10/4/17</u>	Ann S. Yett
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number)			Preparer's telephone number



Authorization To File The Plan's Form 5500 Electronically

KWRI 401(k) Plan

Upon receipt of the signed Form 5500 and this signed authorization, permission is granted to Retirement Horizons Inc. (RHI) to electronically file the annual Form 5500 on behalf of the plan named above.

The Plan Sponsor authorizes RHI to utilize its PIN to file the 5500 or 5500-SF along with any applicable schedules for the plan.

The Plan Sponsor may revoke or change this authorization at any time via written notification to RHI.

Print Name: Ann S. Yett

Signature: C

Date: 10/4/17