



Description of Corporate Procedures

There are five fees which are paid by the franchisee to Sellstate Realty Systems Network, Inc. (Corporate franchisor). These fees are owed by the individual franchisee to Corporate. Corporate will attempt to collect them directly from the agent on behalf of the franchisee. However, it is the responsibility of the franchisee to pay Corporate regardless if payment is collected from the agents. Your individual salesperson contract should detail the fees that each salesperson will owe.

These five fees owed by the franchisee are collected from the agents as follows:

1. **Annual fee-** The franchisee must pay an annual fee for each agent who is licensed to the franchise. The fee is due on June 1st of each year, and is not pro rated. The fee is withdrawn from the accounts of each agent. If the fee cannot be withdrawn from the agent's account, then the franchisee is responsible to pay the fee. The amount of the fee owed by the franchisee to Corporate is stated in schedule A of the franchise agreement.
2. **Monthly Licensing fee-** The franchisee must pay a monthly licensing fee for each agent licensed to the franchise. They must ensure that all agent licenses are kept current with the state licensing board. The franchisee is responsible for completing the "Sellstate Monthly Debit Report" each month on the 25th of the month, for the following month. For example, on May 25th you owe the licensing report for June. The fees are withdrawn from the individual agent's accounts on the 1st business day of each month. If the agent cannot pay the fee, the franchisee is responsible for paying the fee in their behalf.
3. **Corporate Strategic Development Fund-** This fee is equal to 2% of all commissions earned by the agent on a real estate sale. The fee is collected from the agent when a Commission Disbursement Form is submitted by the franchisee to pay the agent. This was formerly known as the National Marketing Fund.

4. **Agent Asset Development Fund (also known as AAD)-** The Corporate Accounting Department deducts 5% from the agent's gross commission and deposits the amount into a designated bank account for the AAD program. An administrative fee of \$10.00 per transaction is deducted from the amount collected, and then the remaining amount is paid to the sponsoring agent on the 15th of the month, or the next available business day, following the calendar month. These payments are listed on the Commission Disbursement Form. Please review the AAD Program guide for more specific information.
5. **Transactional Fee-** The Corporate Accounting Department deducts a flat fee from each real estate transaction that an agent closes. The fee is based on the amount of the commission earned.
6. **Broker's fees-** Many brokers also charge their agents additional fees. If the franchisee wishes for the accounting department to collect those fees in their behalf, then the fees will be listed on the Commission Disbursement Form and those monies will remain in the broker's account.
7. **Computer fees-** A fee for being part of the Sellstate online computer system is debited from the Franchisee's account on the first day of each month.