

Agent Asset Development Royalty Sharing Program

The Agent Asset Development Program is designed to assist franchisees and brokers in the recruiting and retention of quality sales agents, and to provide a financial incentive for sales agents, brokers and managers to find and encourage sales agents to join the Sellstate team. For each sales agent hired by a franchisee, a sponsor will receive Royalties for every sales transaction of that newly sponsored sales agent. Sponsors of sales agents can build their network of sales agents with each additional recruit brought into the Sellstate Program.

1. The Program- A licensed broker, manager or sales agent of a Sellstate Franchise may introduce a potential sales agent recruit to a franchisee. The Franchisee then can choose whether to hire that recruit. If hired, then the person who introduced that recruit to the franchisee will become a sponsor of that sales agent recruit. The Franchisee pays a Royalty Fee on each sales transaction of 5% of the actual commission paid. The Royalty Fee will be deposited into the Agent Asset Development Fund. The Fund will then pay to the sponsor the Royalty Payment collected, less a ten dollar administrative processing fee.

2. Eligibility- Licensed brokers, managers, or sales agents and franchisees of a Sellstate Realty Systems Network, Inc. franchise are all eligible to participate in the Program.

3. Sponsoring Agent- The person who introduces the sales agent recruit to the franchisee is the sponsor. Each newly recruited sales agent may have only one sponsor. The sponsor must be designated on the AAD participation form. The sponsor may not be changed unless otherwise stipulated in this agreement. The sponsor does not have to be licensed at the same franchise as the sales agent recruit. A sales agent cannot sponsor themselves, but a franchisee or broker can sponsor themselves. If the sales agent later becomes a franchisee, then the sponsor will be changed to the new franchisee/broker and that sponsor will lose the sponsorship. If no sponsor is chosen on the AAD participation form, then the franchisee where the sales agent is licensed becomes the sponsor. If the sponsor is an area representative, then the area representative can choose, at their sole discretion, to assign the sponsorship to a franchisee.

4. Royalty Fees- Royalty fees are paid by the franchisee to the fund in the amount of 5% of each sales commission. There will be a \$10.00 fee assessed for each transaction. The amount will be deducted from each sales agent's gross commissions at closing.

5. AAD Program Fund- The fund is maintained and administered by Sellstate Realty Systems Network, Inc. This fund is audited by an independent Certified Public Accountant.

6. Franchisee- The franchisee will assist us in collecting the Royalty Fees from the sales agents in the manner we prescribe. If we are unable to collect the Royalty Fees directly from the sales agents, then the franchisee is responsible to pay us the Royalty Fee, and then the franchisee

can collect it from the sales agent directly.

7. Participation- Upon a sales agent recruit becoming affiliated with a Sellstate franchise, it is the responsibility of the franchisee to promptly provide to Sellstate Realty Systems Network, Inc. an Agent Asset Development participation form showing, among other information, who is designated as the sponsor. The franchisee must supply an updated participation form if a sales agent affiliated with their franchise resigns, changes his address, is terminated, relocates, dies, or whose status is otherwise altered. Participation can be terminated as described elsewhere in this document.

8. Royalty Payments- Royalty Payments from the Royalty Fees collected are paid to each sponsor on the 15th of each month, for all Royalties collected from the previous calendar month. If the 15th of the month falls on a weekend or holiday, then the payment will be made on the next business day when banks are generally open. If the Royalty Fee is not collected from the agent or franchisee, then the Royalty Payment will not be made by Sellstate, and Sellstate is not responsible for the payment.

The sponsor must have an active bank account on file with Sellstate Realty Systems Network, Inc. to receive the Royalty Payment, no paper checks will be issued. The sponsor must be in good standing with the Sellstate Franchise in order to be eligible to receive Royalty Payments. If not vested, then the sponsor must be licensed with Sellstate on the date the payment is made in order to receive the Royalty. If a valid bank account is not on file with Sellstate Realty Systems Network, Inc. for more than 10 days, then the sponsor is automatically terminated from the program, and will not be eligible to receive Royalty Payments, regardless of whether they are vested. If the sponsor terminates its license with a Sellstate franchise, prior to becoming vested, then any amount of the sponsor's Royalty Payments will be paid to the franchisee where the sponsored sales agent was licensed.

9. Vesting- Once a sponsor has been licensed with a Sellstate Franchise for three consecutive years, then his/her Royalty Payments begin to vest. The vesting begins at a rate of 20% per year. At the end of seven years of continuously being licensed with a Sellstate Franchise, then the sponsor is fully vested. Once vested, or partially vested, if the sponsor terminates its sales license or affiliation with a Sellstate franchise, then they will continue to receive the vested portion of the Royalty Payments, for as long as the sponsored sales agent is licensed with a Sellstate Franchise. Once a sponsor is no longer licensed with a Sellstate Franchise, then the administrative processing fees becomes ten dollars or 10% of the royalty fee, whichever amount is greater. If a sponsor dies while partially or fully vested, then the Royalty Payments will be paid to the sponsor's estate, as long as the other conditions described herein are met.

10. Non-solicitation- Once vested, if a sponsor solicits, or attempts to solicit, any customer, employee, franchisee, or sales agent of any Sellstate Franchise to divert his or her business, employment, or contract to another real estate brokerage, then the sponsor will no longer be eligible to receive Royalty Payments.

11. Good standing- Once vested, if a sponsor is charged with or convicted of any criminal misconduct, or engages in any other conduct reflecting adversely on the Sellstate System, then the sponsor will no longer be eligible to receive Agent Asset Development Royalty Payments. If a sponsor, regardless of whether they are vested or not, makes defamatory statements, whether orally or in writing, about us, or a person at corporate, then they will no longer be eligible to receive Agent Asset Development Royalty Payments.

12. Changes- We reserve the right to make minor changes to this program as necessary.