



Action Real Estate

Policy Manual

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COMMISSION SPLITS & EXAMPLES

Agent Generated Business – 80% split to agent

This is any client contract brought in solely by the efforts of the agent.

Examples would be friends, family, sphere of influence from clubs, churches, or other gatherings, leads from the agents personal social media efforts, leads from agents personal advertising and marketing efforts, etc.

This INCLUDES "Repeat Business" of a lead first provided by the office!

Office Generated Business – 70% split to agent

As one would expect, these are leads that come directly to the office, through company advertising, MLS searches, business marketing, etc.

These are typically the leads called out to agents from the office.

Annual Cap Out at \$3,000,000 – 100% split to agent

When an agent closes \$3,000,000 in transactions during a calendar year, all transactions that close after the "threshold transaction", will be paid at 100% commission, subject to transaction and risk management fees or other applicable deductions.

Applicability, Exceptions, etc.

The splits mentioned above (80%, 70% & 100%) are applicable to Listing Side Commissions, Buyer Side Commissions, Buyer Agency Fees, Administrative Fees, and any other fees that are pre-negotiated with the client and subsequently collected. There are some exceptions, as follows:

Extraordinary Fees:

Out of the ordinary fees, NOT planned for at the outset, such as a contract cancellation fees, buy out fees, etc., shall be split 50/50 with the agent collecting it. Typically these types of situations require intervention by office staff or the broker and compensation is adjusted accordingly.

If we have to go to court to collect a fee or commission, that fee or commission will be split 50/50 with the agent, AFTER deducting any costs incurred by the office to prosecute the collection effort.

The Capped Conundrum:

Q. When is 100 less than 80?

A. When your Gross Commission Side is \$2450 or less!

When an agent is capped at 100%, an unexpected problem develops on low end commissions or referral fees. If the transaction fee is deducted from the transaction side, the agent could potentially get LESS money at 100% than they would at 80%

80%

Commission \$2450

Agent \$1960

Company \$490

100%

Commission \$2450

Agent \$1955

Company \$495

So, to protect our agents from the Capped Conundrum, any Gross Commission of \$2450 or less, is at an 80/20 split (agent will receive slightly more commission this way)

80% Office Leads?:

While we could not foresee every possible commission scenario, on the next page are a few common examples of when a 70% office call can turn into an 80% split.

We'll add more examples as they occur, throughout the course of business.

Example 1:

Agent gets a lead from the office, which is a 70% split.

After the agent closes that first transaction at 70%, at ANY time in the future if that agent completes another transaction with that client, without the call coming first through the office, that sale will be paid at 80%!

This example underscores the importance of maintaining an ongoing relationship with your clients.

If you do not foster a good relationship, the client may not call you directly and come through the office as a new office lead and not mention your name. If it comes in as a new lead, it may not be directed to you.

If that call was to come into the office and the client **DOES** ask for you it **WILL** be directed to you, and it **WILL** count for an 80% split.

If that call was to come in and that client **DOES NOT** ask for you, it will be directed to whoever is next in line for an office lead, at 70%.

Example 2:

Client calls the office and asks for you, but they lost your business card, phone number, etc. Your contact information **WILL** be provided to the client, and if the client gives their name, we'll call you as well.

This **IS** paid at 80% since they asked for you, even if they called the office.

Any foreseeable variation of this example is also paid at 80%, such as:

- a) I go to yoga with 'agent' can I get her number
- b) I bumped into one of your agents at IGA, can't remember their name. Provides obvious description, etc.
- c) Any other scenario where it's clear the client is looking for a specific agent, the client will be passed to that agent and it will be paid at 80%

Rentals:

Gross rental commissions are typically (but not always) one months rent, with each transaction side paid half. The split on rentals is paid at 70% or 80% depending on origin of lead.

Since rental fees are generally a small gross dollar amount, it doesn't make much sense to have a 100% option for the agent, then take a \$495 transaction fee. This almost always causes the agent to end up with less than they would receive under the 70% or 80% split.

So, what's the answer? The answer is, there is never a transaction fee on a rental!

Regardless of which side (OR BOTH) of the rental you represent. We do not count rentals toward the cap, and in like kind, will not charge a transaction fee.

Getting Paid for Rentals:

To ensure collection, when the tenant pays 1st, last and deposit, the check for the 1st month should always be made out to Action Real Estate and given directly to the agent to bring to office, not the landlord.

Unlike typical closings on a sale that happen at a settlement office, we are not assured payment, without chasing the landlord.

Referral Fees:

The entity who generated the referral usually requires their referral to be calculated "off the top" of the referred 'side' (pre-split).

The sending agent benefits because they are getting a larger portion when it's off the top. The receiving agent also benefits, since the referral fee is split with the office at the same ratio as the commission rate paid.

The commission split, whether it's 70%, 80%, or 100% is calculated on the remainder, after the referral fee has been paid.

Minimum Commission:

If the minimum commission is not met, on the listing side of the transaction, an adjustment will be made to bring the transaction into compliance. This will affect the math for the split ratio.

If the transaction is not brought into compliance, that side of the transaction is not counted towards the agents sales cap.

You are urged to always get the minimum commission and/or a Buyer Agency fee, to protect yourself and your company.

For example:

\$200,000 sale – you have the buyers side only. Total \$4,000 gross commission (2% buyer side only) WITHOUT a Buyer Agency Fee. That is LESS than the minimum.

You can't pay the company less AND get full sales volume credit, so you have two options:

- a) Receive credit for the full \$200,000 toward your cap. However, since the \$3200/\$800 split still shorts the office by \$400. The split is adjusted by \$400 to \$2800/\$1200 so we are made whole to the minimum commission.

or,

- b) Receive credit for the sale amount it would be, had reduced commission of \$4,000 been equal to 3%. In other words, $\$4,000 / .03 = \$133,333$ since that is what the \$4,000 is worth at 3%.

What should you do? You really should get a Buyer Agency Fee and we wouldn't need this section at all.

That being said, my advice is to take option (a) so you get full Sales Volume credit for the sale and keep moving toward your cap. On the other hand, if you are hard up for the \$400, go with option (b)

Review the policies and examples on minimum commissions, if needed.

MINIMUM COMMISSIONS, TERMS & EXAMPLES

Commissions

Our commission policy is designed to protect our agents and our agency.

You work hard for your listings, and should be well compensated for that work.

Likewise, we work hard for our agents and there are certain minimums the company requires to be able to operate and provide a platform for our team to thrive on.

Minimum & Recommended Commissions

The Minimum Rate for a Residential Listing Contract is 6% or \$3,000.

The Minimum Rate for a Land Listing Contract is 10% or \$2,000.

The **Recommended* Rate for a Commercial listing Contract is to start at 10%, with a Minimum of 6% or \$3,000.

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The **Recommended* Rate for a 5+ Multi-Family Contract is to start at 10%, with a Minimum of 6% or \$3,000.

Buyer Agency Fees, we do not have a company minimum, however, we strongly recommend 1% with a \$1,000 minimum. Learn more about this in the Buyer Agency section.

** Higher recommended listing rates for properties requiring commercial financing, or other extraordinary or time consuming circumstances. You are urged to start at 10% and work backwards.*

Logic & Practice

Understanding the logic of how these minimums can come into play is crucial, especially for a newer agent.

While additional detail can be found in the Procedure Manual about implementing Minimum Commissions, we are including it here, as well, to help protect you, the agent, as well as your office.

First and foremost, the \$3,000 minimum (*\$2,000 for land*) must be written on every listing contract where the sale price could drop under \$50,000. A good practice is to write it on everything 75K or lower, in case it gets negotiated down.

Crucial to implementing the Minimum Commission concept, is understanding the Buyers Agent can get a Buyer Agent Fee to make up any shortcomings on their commission.

You, however, are bound by the listing contract, to only getting the listing commission agreed to, so when you put a minimum commission listing in the MLS, be sure to set the Buyer Agent commission to 3%.

Paying the Buyer Agent 3% ON A \$3000 MINIMUM COMMISSION on a \$30,000 house, you will get the bigger share for yourself and your office.

If you happen to also have the Buyer on that same \$30,000 house, be sure to get a Buyer Agency agreement to make up the shortcoming on the Buyer side of the transaction.

Examples:

See the following examples for different minimum commission scenarios.

We surely haven't thought of every situation, so if you think of a scenario you think should be included, write it out and send it in!

Example 1:

Some times you have a potential listing, and it may be in your best interest to accept a reduced commission to close the deal (*this should be rare if ever - you are worth paying full price*). Just remember, the company loss for anything you agree to comes out of your portion of the commission, not the offices.

One of those times is the friend or relative, who will pay a complete stranger full price, but expects you to work for less. It happens to every one of us.

So, when a friend or relative pushes you into a 5% listing, make sure you put 2% for the Buyer Agent in the MLS.

The Buyer Agent can get a Buyer Agent Fee to make up the difference, but you are only able to collect from the seller, so put the reduction on the Buyer Agent side.

ANY reduction in commission, that puts the office under the minimum listing commission amount, whether intentional or accidental, will come out of the agent's portion of the commission, not the office portion.

**To be clear, the agent only pays the "difference" to make the office whole. See additional examples on the following pages.*

Example 2:

You have a \$100,000 listing at 5%, with 2% to the Buyer agent. We're good & you're good (3%). The Buyer Agent will collect from the buyer if they want to get to 3%.

From \$3000 you will get \$2400 and the office gets \$600, assuming 80% split rate.

However, let's say you have that same 5% listing, and only put 2.5% on the listing side, and 2.5% on the Buyer Agent side.

You would get \$2000 and the office only gets \$500 – you shorted us both. You shorted yourself by \$400, and, you shorted your office by \$100. You can short yourself, if you want, but not the office.

You would owe us \$100 difference so the split would be adjusted to \$1900/\$600 to make us whole.

\$100 may seem trivial at 80% commission, but it's significant to the office side when we are only getting 20% to cover mortgage, insurance, lights, heat, computers, cleaning, maintenance, paper, toner, internet, etc., etc.

So PLEASE pay attention to how you put the commission in the MLS.

BUYER AGENCY FEES

What Are They?

When another agent has a listing, they make an offer (via the MLS) to the Buyers Agent of a certain percentage if you bring a Buyer and sell their listing. Most often, you will see this as 3%. Essentially the Sellers Agent, and more appropriately, the Seller, are rewarding you for selling the house.

This fee you receive, does not by itself, confer the responsibilities of Buyer Agency. This fee, does not by itself, include all of the services and assistance you will provide your Buyer.

Those services are borne of the Agency Relationship your Buyer agrees to when you execute the Consumer Notice. That relationship can, and should have a fee for your professional services.

Beyond the time, phone calls, emails, texts and gas, just associated with showing your buyer houses, once they decide on a house, is when your professional skills truly come into play.

You will be assisting them with a myriad of paperwork, helping them to understand the contracts, sellers disclosures, bank documents, you'll be assisting in scheduling inspectors and appraisers, and helping the client understand those results. You'll be guiding them through the underwriting process, ordering title work, coordinating with the lender and settlement agency and so much more.

THIS is what the Buyers Agency Fee is for. Additionally, if you review the section on Minimum Commissions, you'll find the Buyer Agency Fee can be a lifesaver for the occasional low commission listings you'll periodically encounter.

Are They Required?

No, not at all. If you are content to provide your professional service at no additional charge to the client, you are more than welcome to do that.

If you do charge a fee, we won't tell you have much to charge, either.

That being said, we do have some recommendations for you, based on our experience over the years.

First, you **SHOULD** charge a Buyers Agency fee, for all of the reasons mentioned earlier in this document.

I recommend your fee is 1% with a \$1,000 minimum.

1% is easy to explain on an estimated closing cost sheet, and people are accustomed to hearing 3% or 6% when talking about real estate, so they will not be offended by a 1% fee.

Additionally, using a percentage allows the fee to float up and down with the size of the transaction, and the \$1,000 minimum is particularly useful if the Listing Agent is offering a very small percentage, so it protects you and the company.

You are also welcome to use a flat dollar amount, or higher minimum, if desired. This is very helpful in meeting minimum commission requirements on very low dollar sales. Examples might be a tear down, or a foreclosure.

Frankly, any house where the sales price dips under \$50,000 is a candidate for a higher minimum Buyer Agency Fee or flat rate.

I have often had transactions that were only at \$20,000 or \$30,000 where I placed a \$2,000 Buyer Agency Fee, because the Selling Agent was only offering 2% or 2.5% of \$20,000 or \$30,000.

Even if you do only get a \$1,000 fee it is better than none at all!

How Does the Split Work?

The split for Buyer Agent fees works exactly the same as your commission split, and is based on whatever commission the transaction falls under, 80% for agent generated sales or 70% for office leads, or 100% for a capped agent.

If you have a \$1,000 fee and it is one of your clients, you keep 80%, or \$800.

If you have a \$1,000 fee and it's an office lead, you keep 70%, or \$700.

If you have a \$1,000 fee and you are capped, you keep 100%, or \$1,000.*

**assuming the transaction and risk management fees were deducted from the transaction and there are no other fees or deductions applicable.*

ADMINISTRATIVE FEES

What Are Administrative Fees

When charging an Administrative Fee, this **MUST** by law, be for additional services not covered under a commission agreement.

Administrative Fees differ from Buyer Agency Fees, which are considered by law, to be commission related to your Agency Relationship.

Administrative Fees can be charged to **EITHER** the Buyer or Seller, but are **ALWAYS** associated with additional services.

When placing the figure on Estimated Closing Costs, remind your client it is an estimate only, and may be higher or lower depending the additional services provided, or if there are no additional services, this fee will not be charged at all.

What Qualifies?

Essentially, we are talking about activities and services that do not fall under our license obligations and requirements.

Sometimes we are called upon by Buyers and Sellers, alike, to perform additional and/or optional services beyond our regular duty, and thus we should be compensated.

The following page lists some examples.

Examples:

Hiring, scheduling, paying, communicating with contractors, handymen, rubbish haulers, cleanout companies, utilities, etc.

Shoveling, sweeping, cleaning, lawn mowing, tree removal, pest extermination, or arranging, scheduling, or having anything to do with such maintenance.

Meeting, coordinating, communicating with or otherwise engaging with fire and police services, EMT's, coroners, code officers, animal control officers or any other health or emergency service.

Negotiating or communicating with REO companies, outside vendors, short sale entities, etc., as well as performing calculations, site visits, or paperwork, associated with REO companies, outside vendors, short sale entities, etc. Filling out additional forms, paperwork, or reports for these types of organization.

Communication, coordination, assisting with ingress-egress for animal control, SPCA, pest companies, etc

Perform banking duties beyond basic escrow requirements

Performance of any other task, not covered by the commission agreement

Performing additional showings after an agreement of sale has been signed (often to measure for carpet, furniture, etc)

Are They Required?

No, not at all. If you are content to provide your professional service at no additional charge to the client, you are more than welcome to do that.

If you do charge a fee, we won't tell you how much to charge, however, there are some useful guidelines on the following page.

Recommendations

That being said, we do have some recommendations for you, based on our experience over the years.

First, you **SHOULD** charge an Administrative Fee, for all of the reasons mentioned earlier in this document, if you provide these additional services.

Your time is valuable and you should be compensated accordingly.

Because Administrative Fees are **NOT** commissions, they should not be a percentage based on the sales price, but rather a flat or hourly fee, specific to each broad service.

For example, if you are working on a short sale or foreclosed property, there will be a substantial amount of additional paperwork beyond the normal paperwork associated with selling a home. You might set a \$1,000 fee to work with the sellers bank to accomplish these additional tasks. Or, if the property is already in REO status you may have a \$2500 fee, etc.

Another example might assume you had to meet at the house to the spend an hour with the fire department, code officer, or a contractor at the property and charge \$100/hr plus travel expenses. These are simply suggested ideas, and not required.

Be sure to get an Administrative Fee agreement signed and forwarded to the settlement agent to be paid at closing. Taking fees directly from a client is a serious crime!

How Does the Split Work?

The split works exactly the same as your commission split, and is based on whatever commission the transaction falls under, 80% for agent generated sales or 70% for office leads, or 100% for a capped agent.

If you have a \$1,000 fee and it is one of your clients, you keep 80%, or \$800.

If you have a \$1,000 fee and it's an office lead, you keep 70%, or \$700.

If you have a \$1,000 fee and you are capped, you keep 100%, or \$1,000.*

**assuming the transaction and risk management fees were deducted from the transaction and there are no other fees or deductions applicable.*

COMMISSION PAYMENT SCHEDULE

Processing

Agent commission checks will be cut and available within 48 hours of the closing, possibly sooner. If the closing should fall on the day before a holiday, late Friday, or on a weekend...then commission will be cut and available on the next business day of the office being open.

Pickup/Delivery

You will receive notification (call, email or text) when your commission check is ready for pick up. If you are unable to pick up your check, we'll be happy to send via standard mail. Please make sure we have your current mailing address.

Lost Check

If your check is reported to us as lost, stolen or otherwise not received, within 30 days, the agent will be responsible to pay a processing fee to include 'stop payment' and processing a new check. If it is reported after 30 days, an additional fee will be applied.

REFERRAL FEES

Internal

Within our company, we often have agent to agent referrals. At it's most basic form, the sending agent is relinquishing the lead to the receiving agent, and there is a 25% referral fee paid to the referring agent, by the agent that is receiving the referral.

The amount, however, can be any dollar amount or percentage, as long as the appropriate paperwork is filled out in advance. Similarly, if there are shared duties or a specific duration, these should also be committed to writing.

The most important thing, is that it is clearly spelled out in advance, so we do not have any confusion when checks are cut.

Each check cut, for each agent, is split based on the origin of the original client lead (either 70%, 80% or 100%)

External

Occasionally, you may receive a referral from another office or referral agency.

These are usually based on the Gross Transaction Side (seller side or buyer side), and require a referral fee of the PRE-split side (meaning the company shares the cost).

An old saying says "half a loaf is better than no loaf at all". Therefore, we urge you to accept referral leads, unless you are so busy that you simply can not afford to make another dime. You are not, of course, required to do so.

Aside from Rocket Mortgage, our policy is to pay 25%. Some companies or agents will send you a referral with 30% or more. You should politely let them know we are happy to pay them a 25% referral fee and assist their client in getting to the finish line.

Rarely does anyone fight this, since, they are usually unable to help their client to start with, and if their client finds someone on their own, that agent won't get ANYTHING.

Be sure to use our inbound and outbound referral form to document any fees promised.

ERRORS OR CHARGES AT CLOSING

Professional Responsibility

Reviewing and understanding the HUD sheet is your responsibility. You are expected to be able to explain to your client the information that it contains.

Additionally, it is your responsibility to ensure that you (and by extension, the company) are being paid correctly. Review the settlement sheet BEFORE closing!

If there is an error or incorrect charge on the HUD sheet that affects the company side of the transaction, you will be responsible for any loss to the company, and bear the cost of any difference.

Example 1 - Incorrect Charges:

You have the Buyer for a short sale or REO property. Often there are administrative fees levied by the bank's REO company to the Listing Agency.

Sometimes, the abstract company will incorrectly deduct these fees off the TOP of the commission prior to dividing the commission between the Listing and Selling agencies.

This means the Sellers Agent and YOU (and by extension, the company) shared an expense that the Sellers agency should have borne alone.

If the abstract company, or sellers representative, incorrectly deducts these fees off the top of the commission, prior to dividing the commission, this deduction will come out of your portion of the commission...the office will not split this error/charge with you.

The agent must take the initiative to review the HUD sheet for errors to protect both their client and their own commission.

Example 2 - Discrepancy:

You have the Buyer for a property listed in the MLS from another agency. The MLS shows the commission for the BA (Buyers Agent) at 3%.

The settlement company makes a mistake, or the Sellers Agent later changes it to 2.5%

The Sellers Agent can not change the commission after the contract has been accepted, which is another reason we require a copy of the private MLS sheet in the file. The commission offered in the MLS is what prevails.

However, once you leave settlement, there is no going back. You have to catch it BEFORE leaving - or preferably when you review the Settlement Sheet prior to closing. A good reason to be careful of rushed closings, and get a settlement sheet ahead of time to review.

If the abstract company, or sellers representative, incorrectly changes the commission, the cost of making the company whole, will come out of your portion of the commission. The office will not split this error/charge with you.

The agent must take the initiative to review the HUD sheet for errors to protect both their client and their own commission.

Example 3 - Split Error:

You have the Seller and are retaining a majority commission. For example, a 5% commission, where you are keeping 3% and have 2% in the MLS for the Buyer Agent.

The title company mistakenly assumes it's an equal split, and divides it 2.5/2.5. The Buyer Agent is thrilled, because the mistake favors them. However, you just shorted yourself and your company.

Once they cut the checks there is no going back.

You have to catch it **BEFORE** leaving - or preferably when you review the Settlement Sheet prior to closing. Yet another reason to be careful of rushed closings, and get a settlement sheet ahead of time to review.

If the abstract company, or sellers representative, incorrectly changes the commission, the cost of making the company whole, will come out of your portion of the commission. The office will not split this error/charge with you.

The agent must take the initiative to review the HUD sheet for errors to protect both their client and their own commission.

CAPPING

What is Capping?

Capping means you have hit 3 million dollars in Sales Volume for the year!

Sales volume is calculated as a transaction side you represent, in which you earned the full minimum commission (3%) for that side.

Most of the time you will represent a single transaction side, either the buyer or seller.

However, on some occasions, you may represent both sides of the transaction, and may earn double the closing cost of the sale, as your Sales Volume! This, of course, only happens as long as you were paid the minimum commission for each side.

More on that later.

Is Capping Important?

It might not be too important to an agent who is very part time, or does not have the ambition to excel.

However, to an individual agent who is a 'producing' agent, or aspires to become a top producing agent, capping is a serious goal!

While capping and sales revenue are calculated on an individual agent basis, capping is also an important part of a successful team.

Since members of teams earn additional revenue based on their down line team mates, everyone's efforts are a part of the success of the whole group. Individual efforts can increase the income of everyone in the that group.

In that respect, team leaders (front line agents) should encourage and guide their downstream agents to excel and succeed.

What is Capped Commission?

Once you have closed 3 million in sales volume during the calendar year, all transactions that close after the Threshold Transaction, your commission will be 100% on every transaction you close before January 1 of the following year!

The threshold transaction is the transaction that takes you to \$3,000,000. It is like winning the playoff game for your division. It doesn't matter if you win by 1 point or 21 points, your next step is the Super Bowl!

For example, let's say by May of the current year, you have \$2,900,000 in closed Sales Revenue. In June, you have a closing for one side of a \$200,000 transaction. That transaction is the Threshold Transaction and is paid at whatever the applicable rate is, either 70% or 80%.

However, since it now put you over the goal line to the cap, every transaction closed thereafter, for the rest of the year will be at 100% commission, assuming minimum commission is collected!

Aside from the risk management fee, a small transaction fee is deducted to cover base level business costs.

What if I Have Both Sides of the Transaction?

Because each side (Buyer Side & Seller Side), is its own transaction, you will get sales volume credit for each side you represent, since you and the company are paid on each side! Likewise, each side is charged its own transaction and risk management fee.

Below, and on the following page, are some examples based on 80%, however the same process is applied for 70%:

\$200,000 sale – you have the listing side only. Total \$6,000 gross commission (3% listing side only). That is the minimum. You get credit for \$200,000 toward cap.

\$200,000 sale – you have the buyers side only. Total \$6,000 gross commission (3% buyers side only). That is the minimum. You get credit for \$200,000 toward cap.

\$200,000 sale – you have the buyers side only. Total \$4,000 gross commission (2% buyers side only). AND, you got a 1% Buyer Agency Fee of \$2,000. That is the minimum. You get credit for \$200,000 toward cap.

So far, so good, but now it gets tricky...

\$200,000 sale – you have the buyers side only. Total \$4,000 gross commission (2% buyer side only) WITHOUT a Buyer Agency Fee. That is LESS than the minimum.

You can't pay the company less AND get full sales volume credit, so you have two options:

- a) Receive credit for the full \$200,000 toward your cap. However, since the \$3200/\$800 split still shorts the office by \$400. The split is adjusted by \$400 to \$2800/\$1200 so we are made whole to the minimum commission.

or,

- b) Receive credit for the sale amount it would be, had reduced commission of \$4,000 been equal to 3%. In other words, $\$4,000 / .03 = \$133,333$ since that is what the \$4,000 is worth at 3%.

What should you do? You really should get a Buyer Agency Fee and we wouldn't need this section at all.

That being said, my advice is to take option (a) so you get full Sales Volume credit for the sale and keep moving toward your cap. On the other hand, if you are hard up for the \$400, go with option (b)

Other Notes About Capping

Rentals:

Gross rental commissions are usually one months rent, with each transaction side paid half. The split on rentals is paid at 70% or 80% depending on origin of lead.

Since rental fees are such a small gross dollar amount, it doesn't make sense to have a 100% option for the agent, then take a \$495 transaction fee. This almost always causes the agent to end up with less than they would receive under the 70% or 80% split.

So, what's the answer? The answer is, there is never a transaction fee on a rental!

Regardless of which side (OR BOTH) of the rental you represent. We do not count rentals toward the cap, and in like kind, will not charge a transaction fee.

The Capped Conundrum:

Q. When is 100 less than 80?

A. When your Gross Commission Side is \$2450 or less!

When an agent is capped at 100%, an unexpected problem develops on low end commissions or referral fees. If the transaction fee is deducted from the transaction side, the agent could potentially get LESS money at 100% than they would at 80%

80%
Commission \$2450
Agent \$1960
Company \$490

100%
Commission \$2450
Agent \$1955
Company \$495

So, to protect our agents from the Capped Conundrum, any Gross Commission of \$2450 or less, is at an 80/20 split (agent will receive slightly more commission this way)

Maximums:

No additional transaction fees are deducted beyond the maximum of two sides per transaction.

Transaction (cap) threshold resets to \$0 on January 1st of each year.

AGENT ADVERTISING

The Law of the Land

There are laws regarding advertising by individual agents. Some of these are State Laws, and others are Standards of Practice adopted and enforced by NAR.

Either way, there are stiff fines imposed on agents for errors in advertising. Agent names and fines are published periodically by the real estate commission.

The very first item in the PA Real Estate Commission FAQ is the topic of advertising.

<https://www.dos.pa.gov/ProfessionalLicensing/BoardsCommissions/RealEstateCommission/Pages/FAQs.aspx> states, in part:



STATE REAL ESTATE COMMISSION
PO Box 2649
Harrisburg PA 17105-2649

Phone Number 717-783-3658
Fax Number: 717-787-0250
www.dos.pa.gov/estate

ADVERTISING

What is the Commission's policy on the use and advertisement of nicknames?

- Section 35.305(b) of the Commission's Regulations, 49 Pa. Code §35.305(b), permits a licensee to advertise using a nickname for the licensee's first name so long as the licensee has registered that nickname with the Commission.

Can a salesperson's name be first in an advertisement and be larger than the agency name?

- Section 35.305(c) of the Commission's Regulations, 49 Pa. Code §35.305(c), requires that all advertisements by associate brokers, salespersons, cemetery associate brokers, or cemetery salespersons contain the employing broker's business name and telephone number on the advertisement, of equal size.

Are internet advertisements, emails, and websites also required to comply with Section 305 of the Commission's Regulations?

- All advertisements must comply with Section 305 of the Commission's Regulations.

The Referenced PA Code:

§ 35.305. Business name on advertisements.

(a) Brokerage companies, including sole proprietorships, cemetery companies and rental listing referral agencies shall advertise or otherwise hold themselves out to the public only under the business name designated on their license.

(b) Licensees who wish to use and advertise a nickname for their first names shall include the nickname on their licensure applications or biennial renewal applications.

(c) An advertisement by an associate broker, salesperson, cemetery associate broker or cemetery salesperson shall contain the business name and telephone number of the employing broker. The names and telephone numbers shall be of equal size.*

* Brokerage Note: In design, it often makes sense to differentiate in some way, whether with font face or size. Presumably, if different fonts are used, size can be interpreted in different ways; height, length, area, etc. As long as the sales person name is equal to or smaller, than the company name, by whatever measurement is used, a reasonable argument can be made that the advertisement is in compliance. If in doubt, ask.

And, from the NAR Standards of Practice:

Standard of Practice 12-5

REALTORS® shall not advertise, nor permit any person employed by or affiliated with them to advertise, real estate services or listed property in any medium (e.g., electronically, print, radio, television, etc.) without disclosing the name of that REALTOR®'s firm in a reasonable and readily apparent manner either in the advertisement or in electronic advertising via a link to a display with all required disclosures.** (Adopted 11/86, Amended 1/16)

* *Brokerage Note: While NAR recognizes a link to the required disclosures is sufficient for modern applications, individual state law prevails. In Pennsylvania, there is no provision for a link to the information.*

Compliance

Print:

All ads to be placed by individual agents must provide a printed or electronic proof to Vic, at least 1 week prior to the ad start date.

This applies to print ads, electronic banner ads, car magnets, web pages, car wraps, flyers, social media ad campaigns, door hangers, church bulletins, and all other forms of advertising, whether paid or not.

Video:

In the case of social media videos (Facebook, YouTube, etc), it's a little trickier than print media. Below are some easy and non-intrusive ways to meet the legal requirements we must all follow.

Open up your video with a statement introducing yourself and your agency.

"Hi, this is Mary Smith from Action Real Estate! Today we're going to talk about..."

"Before we get started, if you want to hit me up, give me a call on my cell or at the office" (while pointing excitedly to either a balloon popup, bottom of screen marquee, business card, etc.)

"Or, drop me an email to:@...."

Now you've verbalized yourself and the company name, and, you've re-enforced it with the visual, including both phone numbers of at least equal size.

Another approach is to have a yard sign in the background behind you and off to the side.

This will have the company name and phone number visible throughout the video, then you can intersperse your name, cell number and email address as often as desired.

Email:

Everything we have talked about thus far, also applies to your email signature. Each of the signatures below is different, however, they are all compliant.

Mary Smith, Realtor®
Action Real Estate

cell: 570-123-4567
office: 570-453-0303



Mary Smith
REALTOR®

cell: 570-123-4567
office: 570-453-0303

Action Real Estate

Mary Smith, Realtor®
Action Real Estate

cell: 570-123-4567
office: 570-453-0303



Mary Smith, Realtor®
Action Real Estate

cell: 570-123-4567
office: 570-453-0303



Mary Smith, Realtor®
Action Real Estate

cell: 570-123-4567
office: 570-453-0303

www.ActionRealEstate.biz



Mary Smith
REALTOR®

cell: 570-123-4567
www.ActionRealEstate.biz



Mary Smith, Realtor®
Action Real Estate

cell: 570-123-4567
office: 570-453-0303

www.MarySmith.com



Mary Smith, Realtor®
Action Real Estate

cell: 570-123-4567
office: 570-453-0303

There are probably a hundred other variations. Just make sure you follow the law. If you are not sure, ask.

* Pro Tip: Every Action Agent has an email address @actionrealestate.biz that forwards to their personal Gmail account. You are certainly not required to use your professional address, however it does accomplish several important goals.

a) Every time you present it in print, you are re-enforcing the legal requirement of brokerage affiliation.

b) Beyond the legal requirement, using your company email provides a professional punctuation to your email address. After all, everyone has a Gmail account, but not everyone has an Action account!

c) Do you recall the difference between advertising and marketing? That's right. Marketing is free or near zero cost. Every time you say it out loud, post it, email it or tell your friends and relatives your email address, you are reminding them YOU are THEIR Realtor. You are subtly burning it into their brain, so they don't call the guy down the street. Marketing yourself should be part of your every day routine.

Social Media Posts:

In the case of social media posts, which are often occurring in near real time, it would be impractical, if not impossible for a broker to review every social media post made by individual agents.

This is where personal responsibility places a crucial role. You are a licensed professional, you know the legal requirements, and you are bound to abide by them.

Understand, that if a fine is issued to you, the office, the company, or your broker ...you will ultimately be responsible to pay that fine.

It will be deducted from your next commission check, or you will be invoiced for it.

The broker and/or company will NOT be liable for an agent not following the rules and laws required by your licensure.

If the broker is punished by having to attend any type of class, the offending agent will be responsible to the broker for his time, at a rate of \$100/hour to be deducted from the agents next commission check or invoiced directly. A case was recently published where the broker was made to attend ONE HUNDRED HOURS of classes because an agent did not follow the legal requirements.

On the following pages, you'll see some common mistakes and the associated corrections (this is not a complete list by any means, so be sure to follow state laws and the NAR Standards of Practice):

Your Professional Designation:

As part of your signature or within an advertisement:

Bad: realtor, Realtor

Good: REALTOR® or Realtor®

As part of a text, email, descriptive writing, paragraph or other communication:

Bad: realtor

Good: Realtor

Corporate Name & Number:

In any usage:

Bad: Action Realty or any other variation of our licensed name

Good: Action Real Estate

ACTION Real Estate

ACTION REAL ESTATE

Bold type is acceptable if desired, or it may be required if agents name is bold. Agents name can not be more prominent (by font size or type face) than company name.

In all cases, the company phone number must appear either in the same font size, as the agent's cell number. For example:

Please call 570-453-0303 or 570-436-1234 is acceptable

Please call 570-436-1234 or 570-453-0303 is acceptable

Office: 570-453-0303

Cell: 570-436-1234 is acceptable

Cell: 570-436-1234

Office: 570-453-0303 is acceptable

Corporate Logo:

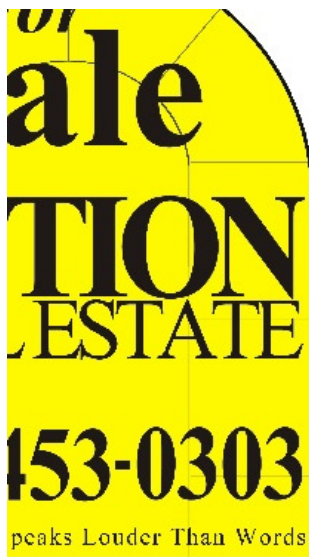
Using our company logo is highly recommended for associating yourself with our brand. A company is stronger when it has a team that builds a strong personal brand, and a team member is stronger when they are part of a strong company brand, so it's mutually beneficial to everyone.

Since our logo already contains our name and phone number, you can put your cell number in any type within that ad, as long as it is at least equal in size.

A variety of approved logos ranging from small for Facebook, to high resolution, print quality are available [a this link](#).

A variety of premade social media post templates are available [here](#).

On the following pages are some graphical examples of acceptable configurations. If you are not sure, just ask. Have fun, get creative, and self promote!



Mary Smith, Realtor®
Action Real Estate
cell: 570-123-4567
office: 570-453-0303

Mary Smith, Realtor®
Action Real Estate
cell: 570-123-4567
office: 570-453-0303



MARY SMITH, REALTOR® CELL: 570-1 23-4567
ACTION REAL ESTATE OFFICE: 570-453-0303

Mary Smith, REALTOR®
ACTION Real Estate
570-321-3214 or 570-453-0303



MARY SMITH
REALTOR®
CALL OR TEXT
570-321-3214



Mary Smith, Realtor
cell: 570-321-3214



Action Real Estate
office: 570-453-0303



SOLD
Home
ACTION
REAL ESTATE
570-453-0303



Mary Smith, Realtor®
direct line: 570-123-cell

msmith@actionrealestate.biz