

**Date:** December 18, 2023

**To:** Canadian Agents of The Real Brokerage Inc. and its affiliates

**From:** The Real Brokerage Inc.

**Re:** Real Retirement - Notice of Update to Commission and Fee Schedule Addendum re Revenue Share upon Retirement and other Clarifying Terms; Notice of Update to Agent Stock Purchase Program Addendum to Residential Independent Contractor Agreement

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**Real Retirement - Notice of Update to Commission and Fee Schedule Addendum re Revenue Share upon Retirement and other Clarifying Terms**

This Notice is to advise you that the below revisions to the Commission and Fee Schedule Addendum ("Fee Schedule") will be made effective ten days from the date hereof.

The Fee Schedule is revised to reflect the language indicated below for the applicable articles thereof. All other terms and conditions of the Fee Schedule will continue to apply.

Article 2.2 of the Fee Schedule shall be revised and replaced with the following language, and the language that is struck will no longer appear in the Article:

**2.2 Minimum Transaction Fee.** Unless Agent has reached the Agent Cap, the minimum amount that the Company will receive as the Company's portion of the Commission split is \$97.50 CAD. If a Commission on a transaction results in the Company receiving less than \$97.50 CAD as its portion of the Commission split, then Agent will promptly pay the difference so that the Company receives \$97.50 CAD as its Commission split. ~~The Company reserves the right to terminate the Agreement of an Agent who consistently waives a reasonable fee for listings without prior written approval from the Company.~~

Article 3.3 of the Fee Schedule shall be revised and replaced with the following language, and the language that is struck will no longer appear in the Article:

**3.3 Rate of Commission Charged to Clients.** Agent may use Agent's discretion regarding the Commission fees charged to clients for real estate brokerage services provided. ~~Agent will obtain written permission from the Company's broker responsible for training and supervising Agent in the province(s) in which Agent is licensed ("Provincial Broker") for any contemplated Commission to a client which is lower than the regular and customary commission charged by a full service broker in the geographic area in which the Agent does business.~~ "Provincial Broker" means a supervising Agent in the province(s) in which Agent is licensed.

Article 3.6 of the Fee Schedule shall be revised and replaced with the following language, and the language that is struck will no longer appear in the article:

~~**3.6 Flat Fee or Discount Brokerage.** Agent is free to negotiate Agent's Commission fees, however, Agent shall not advertise by appearing to offer a consistent low flat fee or offering consistent discounts on Agent's Commission. [Reserved]~~

Article 3.16 of the Fee Schedule will be deleted as set forth below because it is duplicative of Article 3.13:

~~**3.16 Team Member/Leader Fee Split.** Each team leader that has entered into a Team Member Addendum to Independent Contractor Agreement with a team member ("Team Agreement") agrees to split commission, transaction and other fees with such team leader's team member as set forth in the Team Agreement.~~

Article 6.4 of the Fee Schedule is being updated to clarify a drafting error in a dollar amount in the definition of "producing agent". The correct amount has been updated as set forth below, and the language that is struck will no longer appear in the Article:

**6.4 Definition of Producing Agent.** To receive revenue share, an agent must be a producing agent. A "producing agent" is defined as an affiliated agent from whom the Company has received at least ~~\$450~~ **\$650** CAD from the Company's fifteen percent (15%) share of that Agent's Commission in the prior six (6) month period.

A new Article 6.6 shall be added to the Fee Schedule. Article 6.6 shall state as follows:

**6.6 Revenue Share Upon Retirement.** As of January 1, 2024, if Agent has been a producing agent with the Company for at least three full consecutive years, as determined by the Company in its sole discretion, Agent may continue to receive a specified percentage of Agent's revenue share payments as specified in the chart below even if Agent is no longer a producing agent after the three full consecutive years, provided (i) Agent continues to be affiliated with the Company or its affiliates through an independent contractor agreement, and (ii) maintains an active real estate license that is affiliated with the Company or its affiliates.

<b>Number of Consecutive Years as a Producing Agent</b>	<b>Percentage of Revenue Share that Agent may Receive</b>
After 3 full consecutive years	60%
After 4 full consecutive years	80%
After 5 full consecutive years	100%

The percentage of revenue share that an agent may receive pursuant to the table above will be a percentage of the amount of revenue share that the agent is receiving at the time a revenue share payment is made. If at any time Agent's independent contractor agreement with the Company is terminated, for any reason, the Agent will no longer be eligible to receive revenue share payments pursuant to this provision.

**Notice of Update to Agent Stock Purchase Program Addendum to Residential Independent Contractor Agreement**

This Notice is also to advise you that the Agent Stock Purchase Program Addendum (the "Program") is being revised for clarity and to reduce the amount that the Company will

contribute for the purchase of Bonus RSUs to 10% and 20% (depending on whether the Agent has met their Agent Cap) of the amount of commission withheld, as set forth in Section 5 of the revised Program. The Program as revised will become effective on January 1, 2024.

## **Notice of Update to Residential Independent Contractor Agreement and National Policies and Procedures Manual**

Section 9.7 of the National Policies and Procedures Manual is being updated to remove the current language regarding a Comparative Market Analysis since it is not applicable, and is being replaced with the words [Reserved] as set forth below.

### **9.7 [RESERVED].**

Section 24.1 of the National Policies and Procedures Manual is being updated to clarify a drafting error regarding the dollar value of the Agent Cap. The correct amount has been updated and copied below for your ease of reference:

**24.1** Agents who achieve exceptional sales volume and embody the core cultural values of the Company, as determined in the Company's sole discretion, are offered the opportunity to earn elite agent status. In order to earn elite agent status ("Elite Agent Status"), one of the following production benchmarks must be met: (i) payment of the full Agent Cap and generation of \$9,000 CAD in the Post Capping Fee, or (ii) generation of a minimum gross commission income of \$500,000 CAD by the Agent (for clarification, this is the Agent's gross commission income and does not include amounts paid or payable to the Company) and ten (10) completed transactions with all sales prices at \$1,000,000 CAD or above where the agent is at least a 50% participant in the transaction.

Section 26.2 of the Residential Independent Contractor Agreement is being updated to clarify a drafting error. The updated provision is set forth below.

**26.2** Revisions/Modifications to this Agreement and Addenda. The Company may amend, modify and/or amend and restate this Agreement and all addenda hereto from time to time. The Company will provide Agent notice of all material changes and any changes, modifications, amendments or amendments and restatements of this Agreement will be effective ten (10) days after notice to Agent. All amendments of this Agreement shall be made in writing and no oral amendment shall be binding on the Parties.