



Cap Deferral Policy

(formerly referred to as Joining Grants and/or Cap Amendments)

Last Revised 02.14.2020

Overview

- ❖ A Cap Deferral allows an agent to defer the annual requirement that \$16,000 in Company Dollar be retained by eXp from the Gross Commission Income earned on all Transactions closed by the agent before the agent achieves a Capped Status and eXp no longer retains the Company Dollar split from the Gross Commission Income on Transactions closed by that agent.
- ❖ Cap Deferrals are designed for agents who have capped at their current brokerage (meaning they have met the annual maximum amount in required commission splits with their current brokerage and are now receiving the full gross commission income earned on each transaction they close) and desire to continue to receive the full gross commission income, without any commission split with their brokerage, on transactions they close and also keep the same annual cap period start date (often referred to as their cap anniversary date) that they have at their current brokerage honored by eXp.
- ❖ Receiving a Cap Deferral does not mean an agent is in a Capped Status, as that term is defined in eXp's Independent Contractor Agreement ("ICA").
- ❖ All listed fees required under the ICA must still be paid during the Cap Deferral Period (defined below), in addition to the Capped Status Transaction Fee of \$250 per Transaction, however, the Capped Status Transaction Fee will not be capped during this period.
- ❖ A Cap Deferral may only be granted for agents who have not completed the onboarding process with eXp, however, they may be in a current onboarding status; a Cap Deferral will not be granted retroactively, meaning it will not be granted after an agent has completed the onboarding process.
- ❖ In addition to receiving a Join Date and an Anniversary Date after an agent completes the onboarding process with eXp, an agent on a Cap Deferral will also receive a Cap Reset Date which will be determined by the agent's cap anniversary date at their previous brokerage, but must be set as the first day in a given calendar month.
- ❖ The Cap Deferral Period will begin on an agent's Join Date and continue up to, but not through, the Cap Reset Date. On the Cap Reset Date, the agent will begin paying Company Dollar as outlined in the agent's ICA.

For example, an agent who is currently capped at another brokerage is granted a Cap Deferral and joins eXp on March 15th. Through the Cap Deferral, eXp honors the previous brokerage's cap anniversary date of July 1st.

- Join Date = March 15th
- Anniversary Date = April 1st

- Cap Reset Date = July 1st
 - The Cap Deferment will start on March 15th and end on June 30th.
 - The agent's Company Dollar requirement will reset annually on July 1st thereafter.
- ❖ During the Cap Deferment Period, any fees that may have otherwise counted towards ICON Agent Status (excluding Mega ICON Teams) will **not** be counted toward ICON Agent Status.
 - ❖ Upon termination of an agent's ICA, for any reason, prior to the Cap Reset Date, any granted Cap Deferment shall also terminate and eXp will pay agent's commission at the standard 80/20 commission split, less any fees or other monies owed, on Transactions in a pending status as of termination date, upon successful close of escrow, in accordance with the terms set forth in Addendum A of the ICA.

Requirements for Cap Deferment Approval

- ❖ The applying agent must be capped at the brokerage he or she is transferring from.
- ❖ The agent must provide proof of the current cap anniversary date at his or her current brokerage.
- ❖ The agent must provide supporting documentation evidencing the last twelve (12) months of his or her production history.
 - *Acceptable supporting documentation: Copy of broker report, screenshots, etc. No self-made spreadsheets, etc. shall be accepted.*

Cap Deferment for Individual Agents, or Self Organized, Standard & Domestic Teams

- ❖ Because receiving a Cap Deferment does **not** mean an agent is in a Capped Status, as stated above, even though the agent must pay the Capped Status Transaction Fee of \$250 per Transaction, it does not cap while an agent is in a Cap Deferment Period and will **not** reduce to \$75 per Transaction as it would if the agent were in a Capped Status.
- ❖ During the Cap Deferment Period, any fees that may have otherwise counted towards ICON Agent Status (excluding Mega ICON Teams) will **not** be counted toward ICON Agent Status.
- ❖ During the Cap Deferment Period, all Transactions will be subject to the same fees as outlined in Addendum A of the ICA, in addition to the Capped Status Transaction Fee of \$250 per Transaction, however, the Capped Status Transaction Fee will not be capped during this period.
- ❖ Once the Cap Deferment Period ends, the agent will begin paying Company Dollar as outlined in the agent's ICA, and the standard 80/20 commission split will begin.

Cap Deferment for Mega ICON Teams

- ❖ Notice: An approved Cap Deferment for a Mega ICON Team Leader, Mega ICON Team Member(s), or the team collectively, may have an adverse effect on their ability to meet the required \$56,000 company guarantee.
- ❖ During the Cap Deferment Period, all Transactions will be subject to the same fees as

outlined in Addendum A of the ICA, and any applicable Mega Icon Team Leader Addendum and/or Mega Icon Team Member Addendum.

- ❖ Once the Cap Deferment Period ends, the agent will begin paying Company Dollar as outlined in the agent's Mega Icon Team Leader Addendum or Mega Icon Team Member Addendum.

Cap Deferment Application Process

- ❖ To be considered for a Cap Deferment, pursuant to requirements outlined in this Policy, each agent must complete the Cap Deferment application process below:
 - Submit Online Application with all required supporting documentation.
Use this link: [Cap Deferment Online Application](#)
 - The request will be reviewed and a decision communicated to the applicant within three (3) business days.
 - If approved, the agent will receive a Cap Deferment Addendum summarizing the Cap Deferment terms. eXp must receive the signed Cap Deferment Addendum back before the Cap Deferment to go into effect.
 - Information regarding the Cap Deferment Policy can be found online in the eXplore Guide or on the eXp Attraction Services group in Workplace, under the Files tab.

Cap Deferment FAQ:

- ❖ **Can I apply for a Cap Deferment if there was no cap at my previous brokerage?**
No, a Cap Deferment is only for agents that have capped at their current brokerage.
- ❖ **Does eXp offer brokerage or team Cap Deferments for their agents?**
Yes, but each agent must qualify individually to apply.
- ❖ **Will the Capped Status Transaction Fees paid during my Cap Deferment Period count toward my individual ICON cap requirement?**
No, they will not. Once the Cap Deferment Period ends (at the agent's Cap Reset Date, as explained above), the agent will begin paying Company Dollar as outlined in the ICA, and the standard 80/20 commission split will begin. Agents will have one year from their Cap Reset Date to reach a Capped Status and to pay a total of \$5,000 in Capped Status Transaction Fees to become eligible for an Individual ICON Award.
- ❖ **Will the transaction fees paid during my Cap Deferment Period count toward my MEGA ICON cap requirement?**
No, they will not. The Capped Status Transaction Fees are not credited to the Individual ICON Award as the ICON Award is unlocked when the group collectively meets the \$56,000 company guarantee.
- ❖ **Will my sponsor and upline receive revenue share during my Cap Deferment period?**
Your sponsor and upline will not receive revenue share from your production during the

Cap Deferment period. Revenue share is based on Company Dollar. Since you will not be paying Company Dollar during the Cap Deferment period, your sponsor and upline will not receive revenue share based on your production. However, any producing agents that you have attracted, that are paying Company Dollar, will result in revenue share for you and your upline.

❖ **If I am already on a Joining Grant, will this new policy apply to my Cap Anniversary date?**

No, the original Joining Grant terms you agreed to will still apply.