Enhancements to Commission Plans and Funding Disbursements

This page outlines enhancements to commission plans and funding disbursement in Propertybase Back Office.

Requirements

- Commission Plans
  - Requirements: Commission Plans
- Funding Disbursement
  - Requirements: Funding Disbursement

Commission Plans

Currently, commission plans are a pain point during onboarding. This is due to poor page design and user experience. At the time of writing, most clients (9 out of 10) do not enter their own commission plans. Below are a collection of user stories that will enhance the experience of managing commission plans, as well as new stories that will allow administrators to add additional member fees to plans.

Requested By	Description	Story	Notes

	"Commission Plan & Fees Administration"
	
	The overall improved user experience of administering member plans and fee schedules on behalf of the brokerage.
		• As an admin, I want to administer member plans, so that I can automate agent commission payouts on transactions.
		• As an admin, I want to administer fee schedules, so that I can automate agent fees collection on transactions.
			• *ACs*
			  • *Plans contain a status: active or inactive.*
			  • *Plans contain a type: TBD.*
			  • *Plans contain a rollover date: agent anniversary, custom, calendar year, none.*

• Murney (#5)
• Space & Co
	"Reset Agent Income, Cap Tier Remains"
	
	Agent 1099 income should reset at the beginning of each fiscal year, however, the agent's current member plan should remain the same.
		• As an admin, I want agent income to reset at the beginning of each fiscal year without affecting their current cap tier, so that I can automate agent commission payouts on transactions.	• When does the fiscal year start?
			  • Murney: Jan 1
			  • Space & Co: Jan 1 (some agents)

• HOM	"Capped Commission Plan" The amount of brokerage commission charged on a transaction should remain the same until an agent reaches a specified total (sale price, brokerage gross commission, or agent gross commission) at which point they graduate to the next cap tier.	• As an admin, I want to charge a specific commission amount on transactions until my agents reach a specified total amount (at which point they graduate to the next plan), so that I can automate agent commission payouts on transactions.	

Requested By	Description	Story	Notes

• Murney (#9, #10)
• BHHS Premier
• Coleman and Patterson
	"Brokerage Member Fees"
	
	The member plan administration page should include a place to assign associates to specific brokerage roles (i.e. "relocation director", "branch manager", etc.) Administrators should be able to assign fees to these roles that are automatically applied to transactions meeting certain criteria.
		• As an admin, I want to assign staff members to brokerage roles, so that I can automate the collection of any necessary brokerage fees.
		• As an admin, I want to assign fee amounts to brokerage roles, so that I can automate the collection of any necessary brokerage fees.
			• How should brokerage roles be applied? Per office? Brokerage-wide?
			  • Murney: One role per office.
			• How should brokerage fees be paid out? Taken out of total commission? Taken out of agent commission? Additional fee added to the total due to brokerage?
			  • Murney: Taken out of company dollar.
			  • BHHS Premier: taken out of total commission.
			  • Space & Co: taken off the top, prior to commission calculation.
			• Are brokerage fees capped?
			  • Murney: No caps on brokerage fees.
			  • Coleman and Patterson: agent pays max $6000 transaction fees per year.
			• What does "$500 or 15% of agent portion" mean?
			  • Coleman & Patterson: Typically it would be $500, however on a sale where $500 is more than 15% of the agent commission, 15% would be used.

• Fay Servicing	**"Transaction-Based Plans"** When entering member plans, the brokerage should have the option to select "transaction-based". If this option is selected, the plan will automatically apply to all transactions that meet the criteria.	• As an admin, I want to assign member plans to specific transaction types, so that I can automate funding disbursements on transactions.	
	"Locked Plans" Once a plan has been created, it can be edited freely - even if agents are assigned. However, as soon as a transaction closes utilizing the plan, it should no longer be editable.	• As an admin, I want commission plans to become un-editable once a transaction closes using said transaction, so that plan calculations remain sustainable.	

Funding Disbursement

Currently, Back Office funding disbursements are lacking the ability to prorate agent commission amounts based on graduated member plans. Additionally, agent fees due to the brokerage should be automated (when possible) and deducted from agent commission payouts at the time of funding. Funding disbursements are currently visible by all members of a transaction when in reality an agent should only see the parts of the funding request that pertains to them.

Requested By	Description	Story	Notes

• Murney (#2)	**"Member Plan Graduation"**
	
	The ability to calculate commission splits based on an agent's year-to-date gross commission income at the time of transaction funding disbursement.
		• As an admin, I want the system to calculate agent commission payout based on the agent's current member plan, so that I can automate transaction disbursements.
		• As an admin, I want to decide if commission amounts are prorated or applied to the next transaction when an agent graduates to the next plan.
			• Is agent roll calculated using gross commission pre-tax?
			  • Murney: Yes
			• When does the agent graduate? Prorated or next transaction? How should this be displayed in the UI?
			  • Murney: Prorated

• Murney (#3, #4)	**"Agent Roll Calculation"**
	
	When calculating agent roll, an option to include transaction fees should be included. If an agent bonus is included in a funding disbursement, it should not affect the company dollar, but it should affect agent roll.
		• As an admin, I want the system to ignore certain transaction fees when calculating agent roll, so that I can automate agent commission payouts.
		• As an admin, I want funding disbursements to include a place for agent bonuses, so that I can automate agent commission payouts.
		• As an admin, I want to confirm agent payment (which would then update agent roll), so that I can automate agent plan progress.
			• Should all transaction fees be ignored when calculating roll, or only some?
			  ◦ Murney: Yes, all transaction fees are ignored.
			• Should bonuses by automated by specific criteria?
			  ◦ Murney: No, always entered manually.

• Murney (#6, #7)	**"E&O Fees"**
	
	If an E&O fee is included in a funding disbursement, it should be taken out of the agent dollar. If the brokerage owns both sides of the transaction, the E&O fee should be taken out of both the agent's dollar. When a transaction is the result of an outside referral, E&O fees should not be charged.
		• As an admin, I want funding disbursements to apply an E&O fee, so that I can automate the collection of any necessary transaction fees.
		• As an admin, I want E&O fees to be split between agents if my brokerage owns both sides of a transaction, so that I can automate the collection of any necessary transaction fees.
		• As an admin, I want E&O fees to be omitted on transactions resulting from outside referrals, so that I can automate the collection of any necessary transaction fees.
			• What criteria determines if an E&O fee is applied to the transaction?
			  ◦ Murney: None, all transactions except outside referrals have an E&O fee. However, they need the ability to manually remove the E&O fee.
			• Why are E&O fees not applied to transactions resulting from outside referrals?
			  ◦ Murney: Referrals do not have E&O insurance.

• Murney (#8)	**"Agent Referrals"**
	
	When a transaction is the result of an inside referral, any associated referral fees should be taken out of the agent dollar.
		• As a user, I want to know if a transaction was the result of a referral and who gave the referral, so that I can automate agent commission payouts.
		• As an admin, I want referral fees to be taken out of the agent dollar, so that I can automate agent commission payouts.
			• What determines the fee amount? Percentage? Flat fee? Manual entry?
			  ◦ Murney: Negotiated by the agents themselves, always entered manually.
			• How are outside referral fees calculated? Also from agent dollar?
			  ◦ Murney: Prior to commission ("off the top".)

• Murney (#9, #10, #11)
• Fay Servicing
	"Brokerage 'Referral' Fees"
	
	If a transaction closes in an office with brokerage roles assigned, associated fees should automatically be calculated and applied; these fees should not be visible to the agent. Additionally, the ability to add ad-hoc fees (e.g. "garnishments") should be present on funding requests.
		• As an admin, I want brokerage roles and associated fee schedules to be automatically applied to qualifying transactions, so that I can automate the collection of any necessary brokerage fees.
		• As an admin, I want fees associated with brokerage roles to be hidden from agents, so that I don't have to disclose internal business processes.
		• As an admin, I want to add ad-hoc fees to funding disbursements, so that I can collect necessary brokerage fees.
		• As an admin, I want a referral fee to automatically apply to any agent's transaction that was referred to the brokerage, so that I can automate referral bonuses.
			• What types of 'referral' fees would be added to a funding disbursement?
			  ◦ Murney: Relocation and Branch Manager.
			  ◦ Fay Servicing: "Servicing leads" in Illinois and Florida.
			  ◦ Fay Servicing: Recruiting by managing broker.
			• Can these fees be automated? Transaction type?
			  ◦ Murney: Yes, they are based on what office the transaction takes place in. (I.e. "Boulder office has a relocation director so each transaction closed in that office would automatically add 10% relo fee.")
			  ◦ Anton Agency: 0.002% of sale price.
			• Should these fees be flat or a percentage?
			  ◦ Murney: 10% for relo and branch manager.
			• What are garnishments?
			  ◦ Murney: These are manually-entered fees for things like child support, alimony, etc.

• Fay Servicing	**"Isolated Funding Requests"** When a brokerage owns both sides of a transaction, agent visibility of the funding disbursement form should be limited to pertinent information only.	• As an admin, I want to limit my agent's visibility on funding disbursements to only the information that is pertinent to them, so that I don't have to disclose internal business processes.	• What should be hidden from the agent? ◦ Murney: Branch manager fee, relocation fee, and company dollar amount.

	Space & Co	"Agent Teams"
		
		If a funding disbursement includes an agent team, commission should be calculated using each agent's commission plan.
			• As an admin, I want additional calculations to apply when an agent team is involved in a funding disbursement, so that I can automate agent commission payouts.	• Is the assumption that total agent commission calculation remains the same? (However, additional calculations take place to determine team splits.)
				  • Space & Co:
				    • "Percent of Gross"
				      • 60% - Team Member
				      • 20% - Team Lead
				        • The client mentioned that team lead splits usually do not change. What happens if the team member is on a 50% plan? Where does the extra 10% go?
				      • 20% - Brokerage
				    • "Percent of Team Lead Commission"
				      • 20% - Brokerage
				      • 80% - Team Lead
				        • Team Member commission is taken out of 80%.

		"Deferred Payments" Accounts with automations in place for brokerage fees, associate bonuses, etc. want the ability to defer payment to a future date. This will be made possible by a button on the funding request to "move" a bonus or fee to the associate ledger.	• As an admin, I want the ability to defer a non-required line item on the funding request to an associate's ledger, so that I can collect or pay that on a future disbursement.	
		"Commission Plan Exclusion" When reviewing a funding request, brokerage staff should have the option to exclude the current transaction from affecting the agent's commission plan.	• As an admin, I want the ability to exclude a transaction from affecting an agent's commission plan, so that I can make exceptions when needed.	

Associate Ledger

Back Office currently supports the tracking of dues and bonuses within an associate's account. However, this "account balance" does not currently interface with funding disbursements. Part of this project will include connecting the two features so that administrators can defer payment, quickly see an associate's balance, etc.

Requested By	Description	Story	Notes
• Space & Co	"Automatic Deductions" Brokerage staff needs a way to charge agents for miscellaneous items such as yard signs, business cards, etc. The associate ledger should have a place to support these charges. Additionally, there should be the option to automatically deduct these charges on the next commission payout.	• As an admin, I want to record money owed on the associate ledger, so that I can keep track of what my agents owe the brokerage. • As an admin, I want to deduct specific dues from future commissions on the associate ledger, so that I can automate the collection of agent dues.	

Transactions

Below are changes to transaction base functionality in Back Office, necessary for completing the enhancements outlined in the sections above.

Requested By	Description	Story	Notes

Types of Agent Member Plans

Below is a list of the most typical agent member plans and a description for each.

Cap

- A commission plan with a cap is a plan that requires the agent to pay the brokerage a set commission amount until they reach that cap limit. Once they've 'capped' they will move to a higher split with the brokerage on their future deals.

Slide Scale (a.k.a. "Graduated Schedule")

- A sliding scale commission plan uses the agent's YTD CGI to determine the amount of commission charged on a given transaction. When an agent's YTD CGI reaches a certain amount, the agent graduates to the next plan level.

Flat Fee

- A commission plan with a flat fee is a plan that requires the agent to pay the brokerage a set commission amount on each transaction.

Closings

- A commission plan based on the number of closings is a plan that requires the agent to pay the brokerage a commission amount based on how many transactions they have closed in the current fiscal year.