

QUESTIONS ON THE REALTOR® DUES FORMULA

Dues are computed based on the number of licensed individuals within a firm. All of the licensees in a Realtor®'s firm need not be Realtors®. However, one Realtor® member of the firm – *i.e.*, the “designated Realtor®” – is required to pay dues based on the total number of licensees in the firm. (The designated Realtor® will get a credit for each individual licensed through the firm who has his or her own Realtor® membership and pays dues for such membership.) The justification for this requirement is that all licensees in the firm benefit from the Realtor® membership.

1. **QUESTION:** Are all Realtor® principals within a firm responsible for the payment of dues based on the size of a firm?

ANSWER: No. For any firm with more than one Realtor® principal, only one of those principals designated by the firm (*i.e.*, the “designated Realtor®”) is charged on the basis of the dues formula.

2. **QUESTION:** Can an individual be a principal in both a Realtor® and a non-Realtor® firm?

ANSWER: Yes, however if a Realtor® is a principal in two firms, dues are calculated based upon the number of licensees in both of the principal's firms. An individual is deemed to be licensed with a Realtor® firm if the license is held by the Realtor® firm or by another licensed entity in which a Realtor® principal has a direct or indirect ownership interest.

3. **QUESTION:** What if the Realtor® has a separate firm that only does referrals?

ANSWER: There is a single exception to the dues formula for non-Realtor® licensees working in a referral company (“LFRO”). In order for the LFRO exception to apply, the DR must certify in writing that the licensees are working only for the separate referral company and are only involved in the referral of business. The LFRO exemption does not apply if the licensee provides any other real estate services.

4. **QUESTION:** Is a licensed assistant who works for an associate broker exempt for purposes of the dues formula? Is the rule any different if the licensed assistant is paid on an hourly basis only?

ANSWER: No. All licensed assistants in the firm are counted for purposes of calculating the designated Realtor®'s dues payment, regardless of whether they earn a commission.

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5. QUESTION: When a designated Realtor® pays dues for non-Realtor® licensees under the dues formula, do these non-Realtors® become members of the local association?

ANSWER: No. The designated Realtor® is not paying dues on behalf of the non-Realtor® licensees. Rather, the designated Realtor® pays his/her own dues based on the number of individuals who are licensed with the firm, but who are not Realtor® members.

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