

# **Residual Compensation Addendum, June 2016**

## **Overview:**

Agents now earn 2% monthly residuals on their T-Mobile customer base – paid quarterly. To qualify for residual earnings, an Agent must have a customer base that bills a minimum of \$5,000 of commissionable MRC (Monthly Recurring Charges). An agent must meet the \$5,000 MRC minimum for at least one month during a quarter to qualify for the quarterly payment.

Example #1: If an agent bills \$3,000 in January, \$4,000 in February and \$5,000 in March, the Agent would earn a 2% residual payment for the entire \$12,000 billed that quarter. Residuals are paid at the end of the month following the quarter. Using the example, the 2% residual payment would be paid to the Agent at the end of April.

Example #2: If an Agent's customer base bills \$300,000 of commissionable revenue in a given quarter (\$100,000 per month) = the compensation would be calculated as follows:

$\$300,000 \times 2\% = \$6,000$  quarterly residual payment.

Terms and conditions apply, please see details below.

## **Residual Program Definitions and Rules:**

### **1. Definitions.**

- 1.1. "Commissionable Feature" means a feature added at the time of Agent's activation of a Subscriber's monthly voice rate plan using the same SIM Card provided to the Subscriber.
- 1.2. "Total MRC" means the monthly recurring charge for a Subscriber's rate plan (i.e., the access fee agreed to by the Subscriber and paid monthly for use of the Wireless Service) plus the monthly recurring charge for a Commissionable Feature. Premium handset protection is not included in the Total MRC.
- 1.3. Loyalty Bonus - Residual Commissions. Subject to the conditions and limitations set forth below, Agent shall earn a flat Residual Commission equal to two percent (2%) times a Subscriber's Total MRC in effect for an eligible Subscriber account at the time the Residual Commission is calculated, and subject to other terms and conditions stated in the MWork Agent Agreement and Compensation Plan. Residual Commissions will not be paid to Agent for Commissionable

Features added to a Subscriber account that was not originally activated by Agent.

1.4. Active Seller – To be considered an “Active Seller,” An agent must sell a minimum of 15 commissionable activations in any given quarter. For example, If an agent were to sell 2 activations in January, 0 activations in February and 13 activations in March, the Agent would be considered an “Active Seller” as they would have achieved a total of 15 activations for the quarter.

2. Payment of Compensation. In order to qualify for compensation pursuant to this Agreement, Agent must comply with all T-Mobile Activation procedures and system requirements that may be specific to each rate plan, which shall be provided to Agent separately and shall be incorporated into this Agreement as if set forth herein. In addition, an Agent must have a customer base that delivers a minimum of \$5,000 in MRC (Monthly Recurring Revenue).

3. Loyalty Bonus - Residuals.

3.1. Agent shall earn a Residual Commission for post pay Subscribers, pursuant to the terms of this Agreement, whose accounts are active, and who have not otherwise terminated or been suspended, as of the first day of the second month following Activation of the Wireless Service (“Residual Commission Commencement Date”). Residual Commissions shall cease when ~~:(a)~~ a Subscriber’s account is terminated, suspended or otherwise cancelled for any reason. Residuals shall also cease if any of the following should occur:

3.1.1. The MWork Agent Agreement, (Between MWork and the Agent), has been terminated by either party for any reason.

3.1.2. The MWork Master Dealer Agreement between MWork and T-Mobile has been terminated by either party for any reason.

3.1.3. T-Mobile stops paying MWork Solutions residuals for any reason.

3.1.4. Failure of the Agent to meet minimum activation requirements to be considered an “Active Seller.” See definition of Active Seller in section 1. 4 of this agreement.

3.2. Residual Commissions shall be earned for the Total MRC for an Activation.

Residual Commissions shall be subject to recoupment and offset against amounts

Agent owes to MWork Solutions.

- 3.3. Agent acknowledges and agrees that Residual Commissions depend in large part upon continued customer satisfaction and loyalty. Therefore, as an additional condition to the receipt of Residual Commissions, Agent agrees to assume enhanced customer care obligations. Such enhanced obligations shall include, without limitation, Agent's obligation to reliably and accurately assist new customers who may have questions regarding the use of T-Mobile's Wireless Service, features or the Equipment.
- 3.4. Notwithstanding any other rights or remedies that MWork may have pursuant to this Agreement, Agent shall not be eligible to earn any Residual Commissions for any Activations occurring in any quarter wherein Agent has been found to be improperly using the Agent Activation codes assigned by T-Mobile under this Agreement. MWork Solutions shall not pay Agent Residual Commissions with respect to any account where the Subscriber has: (1) transferred Service to another T-Mobile market outside of the market in which the account was originally activated, regardless of whether Agent is authorized to sell T-Mobile's Service in such new market; (2) changed the billing account name or number; (3) consolidated the account with one or more other T-Mobile Subscriber accounts; or (4) otherwise materially changed the account information originally provided by the Subscriber at the time of Activation ("Altered Accounts"). Further, Residual Commissions shall not be paid with respect to an account that is activated in a market in which Agent is not authorized to sell T-Mobile's Service under the Agreement. Additionally, Agent shall be ineligible to receive Residual Payments if: (a) the Subscriber's account is terminated, suspended or otherwise cancelled for any reason; (b) the Agreement expires or is terminated; (c) T-Mobile stops paying MWork Solutions residuals for any reason; (d) Agent's customer base does not bill a minimum of \$5,000 of MRC (Monthly Recurring Charges) during any month of a given sales quarter.
- 3.5. Agent acknowledges that for the purposes of paying Residual Commissions, T-Mobile's ability to track accounts that have been changed or modified in any way is subject to systems limitations, enhancements and upgrades. Therefore, MWork Solutions reserves the right, in its sole discretion to modify the definition of Altered Accounts and corresponding exceptions to the payment of Residual Commissions upon thirty (30) days written notice to Agent.
- 3.6. Notwithstanding any other provisions of this Agreement or the Agent Agreement, in the event MWork Solutions has discontinued the payment of

Residual Commissions on eligible Subscriber accounts, excluding Altered Accounts, for which no Residual Commission shall be paid, Agent's sole remedy shall be limited to the recovery of any accrued, but unpaid principal Residual Commission amounts, which may be due to Agent. The discontinuance or cancellation of Residual Commissions on any Subscriber account, regardless of the reasons for such discontinuance or cancellation, shall not be deemed a default or breach of the Agreement.