



The Realty Association

1305 Murfreesboro Pike
Nashville, TN 37217-2635
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INDEPENDENT CONTRACTOR'S AGREEMENT

1 This Independent Contractor's Agreement (ICA) is between **The Realty Association** (Realty Association, Inc.) and the
2 independent contractor named on Line 167, identified from now on as the **Licensee**. The Licensee is a person with a real
3 estate license issued by the State of Tennessee who wishes to use the services, facilities, programs, and opportunities
4 offered by The Realty Association real estate brokerage office. The **effective start date** of the ICA will be the date signed
5 by The Realty Association on Line 170. Either party may terminate this ICA at any time, with or without cause, by verbal
6 or written notice. If termination is initiated, the **effective termination date** will be the date that The Realty Association
7 signs the **TRANSFER, RELEASE AND CHANGE OF STATUS FORM** (TREC 1 Form) of the Tennessee Real Estate Commission.

8 A. THE REALTY ASSOCIATION AGREES TO THE FOLLOWING:

- 9 **A1.** To provide **brokerage support services** that exceed the requirements set forth by the Tennessee Real Estate
10 Commission for supervision, training, adequate facilities, escrow accounting, file maintenance, and other services.
11 **Broker supervision** is provided by principal and managing brokers. **Transaction Department and Closing**
12 **Department services** assist with coordinating required paperwork, escrow accounting and file maintenance.
13 In-house **training classes** and self-study courses are offered to all Realty Association agents.
- 14 **A2.** To provide **communications services** for the Licensee and the Licensee's customers and clients 7 days a week.
15 The Realty Association passes all calls to the Licensee whose listing, sign, or ad has produced the call. **Front**
16 **desk services**, provided by live receptionists during normal business hours, include greeting customers and
17 clients, answering phones, transferring calls, faxing, text messaging, and handling mail and deliveries. **Voice mail**
18 **service** provides 24-hour voice mail with automatic notification of any messages received. **Appointment**
19 **Center services** by live operators include setting up showings for in-house listings, email and text message
20 notifications, and optional automated showing feedback requests.
- 21 **A3.** To provide **information services** to the Licensee. Licensees have 24-hour access to all **company documents**
22 **and forms** (<http://RealtyAssociation.com>), and showing-activity reports. Licensee's **personal real estate**
23 **website** includes hosting, personal subdomain name, full MLS search features, Licensee's featured listings, and
24 the automatic generation of **listing flyers**. **MLS Tracker service** automatically searches for new listings that
25 meet the buyer's criteria and notifies them by email.
- 26 **A4.** To **pay to Licensee 90%** of any commissions or fees received by The Realty Association on real estate
27 transactions or dealings resulting from Licensee's activities. Licensees are permitted to charge any commission
28 amount desired, including on properties where the Licensee may have a personal interest. However, any
29 commissions actually received are still subject to the 90/10 split. Commission checks are typically paid on the
30 same business day received, from 9 to 6, Monday through Friday. Once an individual Licensee has contributed
31 a cumulative calendar-year total of **\$6,000** to The Realty Association (company dollars) from the 10% portion
32 of each commission, that Licensee will be paid **100%** of all subsequent commissions received until the end of
33 that calendar year. The applicable calendar year for this commission cap will be determined by the settlement date
34 on the HUD-1. For teams or partners, the cap will be calculated on a per Licensee basis. For new recruits, the cap
35 will be prorated on a quarterly basis for the first partial calendar year that the recruit is with The Realty
36 Association.

B. THE LICENSEE AGREES TO THE FOLLOWING:

- 38 **B1.** To abide by all rules, policies and procedures of The Realty Association as contained in the most recent version
39 of the ICA, as well as in Announcements and FAQ's on the company Web site (www.RealtyAssociation.com),
40 in periodic Office Updates and emails, and in any other company policy manuals, documents, or publications.
41 These additional sources of policy information (or notices of policy changes) are considered to be, by extension,
42 a part of the ICA. Licensee further agrees to comply with supervision and training requirements of the principal
43 and managing brokers, and to maintain and increase the good will and reputation of The Realty Association.
- 44 **B2.** To abide by all federal, state and local laws, rules and regulations, including, but not limited to, those governing
45 real estate licensing, continuing education, advertising, signs, fair housing, Do Not Call lists, required and timely
46 disclosures, paperwork requirements, and all matters relating to real estate transactions and real estate agency.
- 47 **B3.** To abide by all regulations, educational requirements, rules of ethical conduct, and standards of practice as
48 established by the national (NAR), state (TAR), and local associations of REALTORS®.
- 49 **B4.** To abide by all rules and regulations of the Middle Tennessee Regional Multiple Listing Service (MTRMLS).
- 50 **B5.** To turn in all earnest-money deposits to the company as soon as an offer has become a contract, and to follow
51 HUD and VA earnest money guidelines for those types of contracts.
- 52 **B6.** To use forms acceptable to The Realty Association for all real estate agreements, contracts, addenda, and status
53 updates, and to make such agreements, contracts, addenda, and updates only in the name of The Realty
54 Association. Licensee agrees to file such required paperwork with The Realty Association, including any
55 commissions or fees received by the Licensee, within one business day of receipt (and whether or not any
56 commission is being charged). Licensee further agrees that all required paperwork will have been filed with the
57 office before the Licensee is paid any commissions.
- 58 **B7.** To promptly provide signed copies of all pertinent documents to appropriate parties. Licensee also agrees to wait
59 to place a yard sign on a property until a listing agreement has been signed, and to include a personal name rider
60 on the yard sign. Licensee further agrees to notify the office immediately when a sign is placed or a new listing is
61 entered into the MLS, and to promptly provide the office with complete and updated showing instructions.
- 62 **B8.** To maintain the required Errors and Omissions insurance and to pay any deductibles that may apply.
63 NOTE: The Realty Association advises that Licensee purchase the appropriate "Optional Endorsements" such as
64 "Increased Limits of Liability," and "Personal Interest Coverage" (the basic E&O policy does not cover all
65 personal interest transactions), as well as comprehensive and general-liability insurance. And if the Licensee
66 should leave the real estate business, The Realty Association advises that continuous E&O Insurance be
67 maintained for **at least 3** additional years to cover prior transactions.
- 68 **B9.** To facilitate the correct handling of incoming calls by including Licensee's name in all ads, signs, promotional
69 materials, and web pages, and by providing complete and current showing instructions for all Licensee's listings.
- 70 **B10.** To schedule use of the conference rooms through the office, and to restrict use of these rooms to meetings with
71 customers or clients. Closings may be scheduled at the office if an attorney is presiding and the Licensee is present.
- 72 **B11.** To be responsible for the maintenance and disposition of keys to properties listed by Licensee. The use of
73 electronic lock boxes is strongly recommended.
- 74 **B12.** To be responsible for the preparation, timely submission of, and payment for Licensee's own advertising.
- 75 **B13.** To stay informed about and meet all educational, Errors & Omissions insurance, or any other requirements for
76 real estate license retention, and to do whatever is necessary, at Licensee's own expense, to keep Licensee's real
77 estate license and E&O insurance in an active status.
- 78 **B14.** To provide **full** service to Licensee's customers and clients, and to respond promptly when called. Licensee also
79 agrees to arrange for coverage by a fellow agent whenever the Licensee is going to be unavailable.
- 80 **B15.** To make available to the office a **current email address**, and a **phone number at which the Licensee can be**
81 **reached**. The voice mail system will call Licensee's cell phone when the Licensee has a message.

82 **C. LICENSEE'S FINANCIAL OBLIGATIONS:**

83 **C1.** The licensee is responsible for the following expenses:

- 84 a. The Realty Association Service Fee (**\$110.00 per month**).
- 85 b. Real estate licensing and transfer fees (paid to the Tennessee Real Estate Commission).
- 86 c. Continuing education tuition and expenses.
- 87 d. Errors & Omissions (E&O) insurance as required by state law.
- 88 e. Optional supplemental E&O (beyond the state requirement) or liability insurance.
- 89 f. REALTOR® Association dues (paid annually to your local association) and any of their required fees.
- 90 g. Licensee's professional designation dues and fees.
- 91 h. RealTracs Multiple Listing Service Fee (paid directly to RealTracs).
- 92 i. MLS electronic keycard (required for showings), and lock boxes.
- 93 j. Personal advertising and promotion expenses (including business cards, yard signs, sign riders, etc).
- 94 k. Licensee's portion of Business Taxes (currently equivalent to \$3.75 per \$1000 of gross commission paid).
- 95 l. Personal automobile insurance and expenses (Note: automobile liability insurance is mandatory).
- 96 n. Any other miscellaneous personal expenses (such as cell phone, postage, office supplies, health insurance,
- 97 worker's compensation insurance, income taxes, self-employment taxes, etc.).

98 **C2. Monthly Bill:** The Realty Association will email a monthly billing statement of applicable expenses to Licensee
99 on or before the 10th day of each month, **due on or before the 25th. A valid credit or debit card must be kept on**
100 **file.** Licensee's signature on the ICA authorizes use of this card to pay the monthly bill. The Realty Association
101 **will bill Licensee's card automatically on the morning of the 25th of each month, unless payment has**
102 **otherwise been received before the 25th.** If the monthly bill has not been paid on or before the 25th, and the
103 Licensee's credit or debit card has been declined, a late penalty of \$25 will be assessed. Any past due amounts
104 will be deducted from commissions paid to Licensee. In the event that the ICA is terminated, the card will be
105 billed automatically on the termination date for any amounts due at that time.

106 **D. MISCELLANEOUS PROVISIONS:**

107 **D1. Independent Contractor:** Licensee is considered to be an Independent Contractor. Nothing contained in the
108 ICA creates any relationship (employer/employee, joint venture, partner, shareholder) between the parties other
109 than as set forth in the ICA. Licensee is neither considered nor defined as an "employee" with respect to the
110 services performed for federal, state, tax, worker's compensation, or any other purpose. Licensee releases The
111 Realty Association from any and all claims for work-related injuries. The Realty Association does not withhold
112 any form of tax from commissions paid to Licensee. A 1099 form will be provided annually for the Licensee's
113 income tax purposes. The success of Licensee in the real estate business is speculative and will depend on many
114 factors including Licensee's independent business ability. Licensee has not relied on any representation, written,
115 printed, or oral, express or implied, as to Licensee's potential success in the real estate business.

116 **D2. Commissions Charged to Clients:** Licensee is free to negotiate the commission charged to a client, provided
117 that fair compensation is offered to the cooperating buyer's broker or facilitator (typically **3%** of the sales
118 price), and that the Licensee provides **full service** to the client.

119 **D3. Expenditures:** Licensee has **no authority** to charge **any** expenditure to The Realty Association for **any**
120 purpose, or to bind The Realty Association by any financial promise or representations to any party. All
121 advertising expenses are paid directly by Licensee to the appropriate vendor. The Realty Association is not
122 liable for any expenses incurred by Licensee.

123 **D4. Legal Actions, Arbitration, and Collections:** If Licensee becomes involved in or plans to initiate any legal
124 action or arbitration that involves The Realty Association, Licensee agrees to consult with the company's
125 principal broker **before and during the course of** such litigation or arbitration, and to be responsible for any
126 related costs incurred, including the fees of the company's attorney. Should any claims, complaints, violations,
127 litigation or arbitration involving The Realty Association arise from the activities of Licensee, Licensee agrees
128 to hold The Realty Association harmless and to pay all attorneys' fees, court costs, E & O deductibles, filing
129 fees, arbitration fees, damages, penalties, fines (TREC, MLS, Realtor Associations, etc.), awards, claims,
130 judgments and all other costs and expenses incurred by The Realty Association in defending or satisfying any
131 such claim. Any such unpaid costs and expenses owed to The Realty Association, including any pending claims
132 from litigation, E&O, or arbitration, will be deducted from commissions to which Licensee is otherwise
133 entitled. Licensee is responsible for and promises to pay any and all costs incurred by The Realty Association in
134 the collection of amounts due under the terms of the ICA. **Note: This paragraph will survive the ICA in the**

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event Licensee is no longer with the firm.

D5. High-risk Activities, Unprofessional Business Practices, and Conflicts of Interest: Licensee is prohibited from activities and practices that could be considered to be high-risk, unprofessional, or a possible conflict of interest. These include, but are not limited to: dual agency, limited-service listings, the collecting of upfront fees or commissions, "side agreements", "silent seconds", commission advances, acting as power of attorney for a non-relative, "sandwich" deals, equitable title listings, contract assignments, cash rebates or gifts, repair escrow agreements, certain lease purchases, "getting around" or concealing the triggering of a due-on-sale clause, etc.

D6. Business Brokerage, Mortgage Lending, and Other Businesses: Licensee is required to use proper disclosures and procedures when participating in business brokerage, mortgage lending, insurance sales, or other businesses. Licensee must keep any such business completely separated from the Licensee's real estate business. The sale of a business or the inventory must not be included with the sale of the real estate.

D7. Property Management and Rental Properties: Licensee is prohibited from engaging in **any form** of property management **for other parties**. Residential rentals may be listed in the MLS as a convenience to an owner, but only if the Licensee's personal number is entered as the "Appt Phone." This is the only type of residential rental advertisement permitted for other parties. Licensee may manage **personal** rental properties (where the Licensee has a *personal financial interest*) at Licensee's own risk and expense. Licensee must disclose that Licensee is an "owner-agent" by using the exact words "owner-agent" in all lease agreements and advertising. Licensee further agrees to use Licensee's own name, and home or cell phone number in all advertising for personal rental properties.

D8. Leases, Commercial Sales, and Field of Competence: Real estate leases, commercial sales, and other specialized sales are permitted if within the Licensee's field of competence. Licensee *"shall not undertake to provide specialized professional services concerning a type of property or service that is outside their field of competence unless they engage the assistance of one who is competent on such types of property or service..."* (Article 11, REALTOR® Code of Ethics).

D9. Default: In the event of a Licensee's absence, negligence, or other violation of this ICA, The Realty Association will have full and unlimited authority to terminate, reassign, refer, or renegotiate any agency agreements and real estate contracts, and to assign a company representative to provide service coverage.

D10. Transfer or Termination and the Effect on Existing Contracts: In the event of termination of the ICA by either party, The Realty Association will release (by terminating) Licensee's current listing agreements and buyer agency agreements. If there are any pending purchase agreements, the Licensee must make necessary arrangements to assign them to another agent with The Realty Association. Any compensation agreed to be paid to the Licensee under such arrangements will be paid 90% to the Licensee when received by The Realty Association. Both the release and payments are subject to any existing referral agreements, and to the other terms of the ICA.

167 **Licensee's Full Name (printed):** _____

168 _____
Licensee Signature *Date & Time*

169 **The Realty Association:**

170 _____
Signature for The Realty Association *Date & Time*

Licensee's Personal Data

171 Licensee's Full Name: _____

172 Date Joined The Realty Association: _____

173 Home Address: _____

174 _____

175 Does Licensee live less than fifty (50) miles from The Realty Association Office? Yes No

176 Home Phone Number: _____ Cell Phone Number: _____

177 Other Contact Number(s): _____

178 Email Address: _____

179 Preferred method of contact and sequence (example: cell, home, text message, voice mail): _____

180 _____

181 Emergency Contact Name and Numbers: _____

182 Credit or Debit Card Number _____ Expiration Date: _____

183 Billing Address (if different than Home Address): _____

184 Social Security Number (for IRS tax purposes): _____

185 Member of the following local Association of REALTORS (or will join): _____

If transferring from another real estate company:

186 MLS User Name: _____ MLS Password: _____

187 HUD (BidSelect) User Name: _____ HUD Password: _____

188 Does Licensee have any pending purchase agreements? Yes No

189 If Yes, will prior company supervise these transactions through closing? Yes No N/A

190 Does Licensee plan to transfer any real estate listings from a prior company? Yes No

191 Does Licensee have any existing referral agreements in effect? Yes No

Please provide a copy of your Tennessee Driver's License.