



The Realty Association
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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 page 4. The Independent Contractor is a person with a real estate license issued by
3 the State of Tennessee who wishes to use the services, facilities, programs, and opportunities offered by The Realty
4 Association real estate brokerage office. The **effective start date** of this ICA will be the earlier of either the date signed
5 by The Realty Association, or the date of license activation. Either party may terminate this ICA at any time, with or
6 without cause, by verbal or written notice. If termination is initiated, the **effective termination date** will be the date that
7 The Realty Association signs the **TRANSFER, RELEASE AND CHANGE OF STATUS FORM** (TREC 1 Form) of the Tennessee
8 Real Estate Commission. Nothing contained in the ICA creates any relationship (employer/employee, joint venture,
9 partner, shareholder) between the parties other than as set forth in the ICA. Independent Contractor is neither considered
10 nor defined as an "employee" with respect to the services performed for federal, state, tax, worker's compensation, or any
11 other purpose. The Realty Association does not withhold any form of tax from commissions paid to Independent
12 Contractor. A 1099 form will be provided annually for the Independent Contractor's income tax purposes. Independent
13 Contractor releases The Realty Association from any and all claims for work-related injuries. The success of Independent
14 Contractor in the real estate business is speculative and will depend on many factors including Independent Contractor's
15 independent business ability. Independent Contractor has not relied on any representation, written, printed, or oral, express
16 or implied, as to Independent Contractor's potential success in the real estate business.

A. THE REALTY ASSOCIATION AGREES TO THE FOLLOWING:

- 17 **A1.** To provide **brokerage support services** that exceed the requirements set forth by the Tennessee Real Estate
18 Commission for supervision, training, adequate facilities (see separate "After Hours Access Policy"), escrow
19 accounting, file maintenance, and other services.
- 20 **A2.** To provide **communications services** for the Independent Contractor and the Independent Contractor's customers
21 and clients during office hours. The Realty Association passes all calls to the Independent Contractor whose
22 listing, sign, or ad has produced the call. **Front desk services**, provided by live receptionists during office hours,
23 include greeting customers and clients, answering and transferring calls, faxing, text messaging, and handling mail
24 and deliveries. **Appointment Center** third party services are provided by live operators including setting up
25 showings for in-house listings, email and text message notifications, and optional automated feedback requests.
- 26 **A3.** To provide **information services** including a **company website** with access to all **company documents and**
27 **forms** (<http://RealtyAssociation.com>), and a **personal real estate website** including hosting, personal
28 subdomain name, full MLS search features, featured listings, and potential lead-generation functions.
- 29 **A4.** To **pay to Independent Contractor 90%** of any commissions or fees received by The Realty Association on
30 real estate transactions or dealings resulting from Independent Contractor's activities. Independent Contractors
31 are permitted to charge any commission amount desired, including on properties where the Independent
32 Contractor may have a personal interest. However, any commissions actually received are still subject to the
33 90/10 split. Commission checks are typically paid on the same business day received, from 9 to 6, Monday
34 through Friday. Once an individual Independent Contractor has contributed a cumulative calendar-year total of
35 **\$9,000** to The Realty Association (company dollars) from the 10% portion of each commission, that
36 Independent Contractor will be paid **100%** of all subsequent commissions received until the end of that
37 calendar year. The applicable calendar year for this commission cap will be defined as the actual settlement date
38 on the closing documents. For teams or partners, the cap will be calculated on a per Independent Contractor basis.

B. THE INDEPENDENT CONTRACTOR AGREES TO THE FOLLOWING:

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

C. INDEPENDENT CONTRACTOR'S FINANCIAL OBLIGATIONS:

- 82 **C1.** The Independent Contractor is responsible for the following expenses:
 - 83 a. The Realty Association Service Fee (**\$110.00 per month**).
 - 84 b. Real estate licensing and transfer fees (paid to the Tennessee Real Estate Commission).
 - 85 c. Continuing education tuition and expenses.
 - 86 d. Errors & Omissions (E&O) insurance as required by state law.
 - 87 e. Optional supplemental E&O (beyond the state requirement) or liability insurance.
 - 88 f. REALTOR® Association dues (paid annually to your local association) and any of their required fees.

- g. Independent Contractor's professional designation dues and fees.
- h. Multiple Listing Service fees (paid directly to provider).
- i. MLS electronic keycard (required for showings), and lock boxes.
- j. All advertising and promotion expenses (including business cards, yard signs, sign riders, etc.).
- k. Independent Contractor's portion of Business Taxes (currently .375% of gross commission paid).
- l. Personal automobile insurance and expenses (Note: **automobile liability insurance is mandatory**).
- m. Any other miscellaneous personal expenses (such as cell phone, income taxes, etc.).

C2. Monthly Bill: The Realty Association will email a monthly billing statement of applicable expenses to Independent Contractor 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 file.** Independent Contractor's signature on the ICA authorizes use of this card to pay the monthly bill. The Realty Association **will bill Independent Contractor's card automatically on the morning of the 25th of each month, unless payment has otherwise been received before the 25th.** If the monthly bill has not been paid on or before the 25th, a late penalty of \$25 will be assessed. Any past due amounts will be deducted from commissions paid to Independent Contractor. In the event that the ICA is terminated, the card will be billed automatically on the termination date for any amounts due at that time.

D. MISCELLANEOUS PROVISIONS:

- D1. Commissions Charged to Clients:** Independent Contractor is free to negotiate the commission charged to a client, provided that fair compensation is offered to the cooperating buyer's broker or facilitator (typically 3% of the sales price), and that the Independent Contractor provides **full service** to the client.
- D2. Expenditures:** Independent Contractor has **no authority** to charge **any** expenditure to The Realty Association for **any** purpose, or to bind The Realty Association by any financial promise or representations to any party. The Realty Association is not liable for any expenses incurred by Independent Contractor.
- D3. Legal Actions, Arbitration, and Collections:** If Independent Contractor becomes involved in any legal action or arbitration that involves The Realty Association, Independent Contractor agrees to consult with the company's principal broker **before and during the course of** such litigation or arbitration, and to be responsible for any related costs incurred, including the fees of the company's attorney. Should any claims, complaints, violations, litigation or arbitration involving The Realty Association arise from the activities of Independent Contractor, Independent Contractor agrees to hold The Realty Association harmless and to pay all attorneys' fees, court costs, E & O deductibles, filing fees, arbitration fees, damages, penalties, fines (TREC, MLS, Realtor Associations, etc.), awards, claims, judgments and all other costs and expenses incurred by The Realty Association in defending or satisfying any such claim. Any such unpaid costs and expenses owed to The Realty Association, including any pending claims from litigation, E&O, or arbitration, will be deducted from commissions to which Independent Contractor is otherwise entitled. Independent Contractor is responsible for and promises to pay any and all costs incurred by The Realty Association in the collection of amounts due under the terms of the ICA. **Note: This paragraph will survive the ICA in the event Independent Contractor is no longer with the firm.**
- D4. High-risk Activities, Unprofessional Business Practices, and Conflicts of Interest:** Independent Contractor is prohibited from activities and practices that could be considered by The Realty Association to be high-risk, unprofessional, or a possible conflict of interest. These include, but are not limited to: dual agency, limited-service listings, certain lease purchases, the collecting of upfront fees or commissions, commission advances, acting as power of attorney for a non-relative, cash rebates or gifts, repair escrow agreements, etc.
- D5. Business Brokerage, Mortgage Lending, and Other Businesses:** Independent Contractor is required to use proper disclosures and procedures when participating in business brokerage, mortgage lending, insurance sales, or other businesses. Independent Contractor must keep any such business completely separated from the Independent Contractor's real estate business.
- D6. Property Management and Rental Properties:** Independent Contractor is prohibited from engaging in **any form** of property management **for other parties**. Rentals may be listed in the MLS as a convenience to an owner, but only if the Independent Contractor's personal number is entered as the "Appt Phone." This is the only type of rental advertisement permitted for other parties. Independent Contractor may manage **personal** rental properties (where the Independent Contractor has a *personal financial interest*) at Independent Contractor's own risk and expense. Independent Contractor must disclose that Independent Contractor is an "owner-agent" by using the exact words "owner-agent" in all lease agreements and advertising. Independent Contractor further agrees to use Independent Contractor's own name, and home or cell phone number in all advertising for personal rental properties.

- 142 **D7. Leases, Commercial Sales, and Field of Competence:** Real estate leases, commercial sales, and other
 143 specialized sales are permitted if within the Independent Contractor's field of competence. Independent
 144 Contractor "shall not undertake to provide specialized professional services concerning a type of property or
 145 service that is outside their field of competence unless they engage the assistance of one who is competent on
 146 such types of property or service..." (Article 11, REALTOR® Code of Ethics).
- 147 **D8. Default:** In the event of a Independent Contractor's absence, negligence, or other violation of this ICA, The
 148 Realty Association will have full and unlimited authority to terminate, reassign, refer, or renegotiate any agency
 149 agreements and real estate contracts, and to assign a company representative to provide service coverage.
- 150 **D9. Transfer or Termination and the Effect on Existing Contracts:** In the event of termination of the ICA by
 151 either party, The Realty Association will release (by terminating) Independent Contractor's current listing
 152 agreements and buyer agency agreements. The handling of any pending purchase agreements will be negotiated at
 153 time of termination. Both the release and any payments are subject to any existing referral agreements, and to
 154 the other terms of the ICA.

Independent Contractor's Personal Data

155 Independent Contractor's Full Name: _____
 156 Home Address: _____
 157 Cell Phone Number: _____ Other Contact Number(s): _____
 158 Email Address: _____
 159 Emergency Contact Name and Numbers: _____
 160 Credit/Debit Card # _____ Exp. Date: _____ Security Code: _____
 161 Billing Address (if different than Home Address): _____
 162 Social Security Number (for 1099 IRS tax purposes): _____
 163 Member of (or plan to join) which local Association of REALTORS: _____

If transferring from another real estate company:

164 Does Independent Contractor have any pending purchase agreements?	Yes	No
165 If Yes, will prior company supervise these transactions through closing?	Yes	No
166 Does Independent Contractor plan to transfer any real estate listings from a prior company?	Yes	No
167 Does Independent Contractor have any existing referral agreements in effect?	Yes	No

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

168 **Independent Contractor's Full Name (printed):** _____

169 _____
Independent Contractor Signature *Date & Time*

170 **The Realty Association:**

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