

**INDEPENDENT CONTRACTOR AGREEMENT**

New Jersey Referral Real Estate, LLC  
 100 Canal Pointe Blvd—Suite 120  
 Princeton, NJ 08540  
 609-987-8889

An Affiliate of Keller Williams Princeton Realty

<b>PERSONAL INFORMATION</b>			
Name ("Agent")			Date of Agreement
Address	City/State/Zip	Home Phone (    )	Cell Phone (    )
Place of Birth		Date of Birth	Email Address
Who should be contacted in the event of emergency? (Name & Telephone)			

This Agreement is entered into on the date shown above between the Agent and New Jersey Referral Real Estate, LLC (herein called NJRRE), a real estate brokerage licensed in the State of New Jersey. Subject to the terms and conditions of this Agreement, NJRRE permits Agent as an independent contractor to only **refer real estate opportunities** to other licensed real estate associates or to a designated Referral Contact at Keller Williams Princeton Realty. **Agent understands clearly that he/she can conduct no real estate transactions of any type whatsoever.** Agent accepts this premise and agrees to refer interested individuals in the manner and subject to the conditions this Agreement provides.

**General Terms of Engagement**

- A. Agent understands that he or she is entering into this Agreement as an independent contractor and not as an employee. NJRRE will have no responsibility to withhold or pay any income or other taxes on Agent's compensation or to provide any insurance, retirement or other employee benefits to Agent. Agent's independent contractor status will define the parties' relationship despite any contrary designation that may appear on Agent's real estate license.
- B. Agent agrees not to do anything by action, conduct, statement or association that might damage the goodwill associated with NJRRE's name, trademarks or reputation or cause the public to lose confidence in the this organization.
- C. Agent will have no authority to incur obligations on NJRRE's behalf and promises (1) not to sign any contract, agreement, lease or note in the name of NJRRE, (2) not to open or maintain any bank account or investment account in the name of NJRRE, and (3) not to endorse for collection or deposit in Agent's personal account any check, money order or other negotiable instrument made payable to NJRRE.

### **Compensation and Expense Allocation**

- D. For so long as Agent's association with NJRRE continues, all income earned from Agent's real estate activities will be accounted for and disbursed through NJRRE.
- E. NJRRE will share the commissions earned on real estate transactions in which Agent provided a referral client as buyer or seller in accordance with the procedure attached, dated June 3, 2013. Agent acknowledges that NJRRE retains sole discretion to change these policies. Agent's compensation will be payable only from closed transactions, and Agent may not draw or borrow against any compensation payment.
- F. Agent will be solely responsible for paying the cost of his or her own real estate license fees and occupational taxes. The agent specifically is prohibited from joining any county Board, MLS, and has no need to purchase E & O insurance.

### **E&O Liability Insurance: Indemnification**

- G. Because agent is not an active agent, it is not necessary to obtain and pay for E&O Insurance covering errors and omissions incident to the professional services a real estate sales associate customarily provides.
- H. If and to the extent Agent fails to protect NJRRE against risks customarily covered by E&O insurance, Agent agrees to indemnify and hold NJRRE harmless from and against all Liability that NJRRE incurs or suffers on account of Agent's intentional disregard or breach of any law, regulation or standard of conduct that applies to Agent's actions or activities as a licensed real estate Referral Agent.
- I. For risks not customarily covered by E&O insurance and for Liability arising from Agent's negligent (unintentional) disregard or breach of any law, regulation or standard of conduct that applies to Agent's actions or activities, Agent agrees to indemnify and hold NJRRE harmless.

### **Term and Termination**

- J. Agent's association with NJRRE will continue for an indefinite period. Either Agent or NJRRE may terminate Agent's association with the company at any time, with or without cause or prior notice. Annual fees are payable effective January 1, or pro-rated quarterly.
- K. Termination of Agent's association with NJRRE will not terminate any of the continuing rights or obligations of either Agent or NJRRE under this Agreement.
- L. If Agent has an active referral at time of separation, Agent will receive the normal share (as defined herein) of the related commission when a sale of the property closes.

M. If Agent owes NJRRE any Participation Fees or other amounts at the time Agent's association with NJRRE terminates, or if any amounts become due after termination, Agent authorizes NJRRE to deduct the amount due from any commissions or other amounts due Agent until Agent's account with NJRRE has been fully paid.

### **Representations**

N. Agent represents to NJRRE that:

1. Agent is duly licensed as a real estate Referral Agent (or currently a broker or salesperson converting to a Referral Agent) in New Jersey and that Agent is willing to affiliate with NJRRE and function only as a Referral Agent.
2. Agent is not now, and has not been within the last five years, a defendant in any lawsuit alleging professional misconduct or violation of any deceptive trade practices/consumer protection law, nor is Agent currently subject to an investigation by any real estate commission or comparable oversight body.
3. Agent expressly represents and warrants that Agent is free to associate with NJRRE and that Agent is not bound by a promise or commitment to any other real estate company, agency, association, firm, person or corporation that prohibits or prevents Agent from associating with NJRRE.
4. No representative of NJRRE has represented that Agent can earn a living referring residential real estate business. Agent recognizes that the predominant method of earning income in real estate is through the full-time employment by a real estate firm.

### **Miscellaneous Provisions**

O. If any provision of this Agreement is found to be void or unenforceable by any court or arbitration panel, the finding will have no effect on any other provision of this Agreement, and all other provisions will remain in full force and effect. This Agreement constitutes the entire agreement and understanding between the parties and supersedes any prior agreement or understanding relating to the subject matter of this Agreement. No change, amendment or waiver of any provision of this Agreement will be binding unless in writing and signed by both Agent and NJRRE.

**Continuing Education: Conversion to Active Agent Status**

In the 2011-2013 licensing cycle, the State of New Jersey implemented regulations defining the Referral Agent class of license and requirements for Continuing Education to renew real estate licenses.

Holders of the Referral Agent license are explicitly exempt from the Continuing Education requirement, since they are precluded from active practice of real estate.

Should the holder of a Referral Agent license wish to return to active practice as a licensed Salesperson or Broker-Salesperson, that licensee must fulfill certain Continuing Education requirements prior to applying for an active license as a Salesperson (SP), Broker (BR), or Broker-Salesperson (BS).

**To Change from a Referral Agent to Salesperson (SP) status:**

If the Agent has **NOT** been previously licensed as a Broker or Salesperson:

<i>Period of licensure as Referral Agent</i>	<i>Continuing Education Requirement</i>
Less than 1 year	<b>NO</b> CE required
Between 1 and 6 years	<b>24</b> CE hours (all in core topics) within 2 years prior to applying for SP license
Greater than 6 years	Must re-take 75-hour licensing course

If the Agent **HAS** been previously licensed as a Broker or Salesperson:

<i>Period of licensure as a Referral Agent</i>	<i>Continuing Education Requirement</i>
Less than 3 years	<b>12</b> CE hours (all in core topics) within 2 years prior to applying for SP license
Between 3 and 6 years	<b>18</b> CE hours (all in core topics) within 2 years prior to applying for SP license
Greater than 6 years	<b>30</b> CE hours (24 in core topics) within 2 years prior to applying for SP license

To change from Referral Agent to Broker (BR) or Broker-Salesperson (BS) (must have been previously licensed as a Broker or Broker-Salesperson):

<i>Period of licensure as a Referral Agent</i>	<i>Continuing Education Requirement</i>
Less than 3 years	<b>18</b> CE hours (all in core topics) within 2 years prior to applying for BR/BS license
Between 3 and 6 years	<b>24</b> CE hours (all in core topics) within 2 years prior to applying for BR/BS license
Greater than 6 years	<b>30</b> CE hours (24 in core topics) within 2 years prior to applying for BR/BS license AND pass then-current BR exam

## How to Join

1. Complete and sign this Agreement.
2. The Referral Agent must request that his or her real estate license with any prior brokerage be terminated.
3. Pay the required fees:
  - a. The fee required by the State of NJ to transfer or establish a license is:
    - \$25** if the Agent is already licensed as a Referral Agent
    - \$50** if the Agent's license is in Inactive status
    - \$75** if the Agent is currently licensed as an Active Agent
    - \$160** if the Agent is establishing a New license.
  - b. The annual fee for Referral Agents to affiliate with NJRRE is **\$145** (prorated quarterly, based on when the Agent joins).
  - c. Pay the sum of these fees, **\$170**, to NJ Referral Real Estate, LLC.

## Rules of Operation

1. A Referral Agent may:
  - a. Ask people they know or meet if they would like to be contacted by an Active Sales Associate.
  - b. Provide only general information about the process of buying or selling real estate.
  - c. Get a commitment from the prospect to work with an Active Sales Associate.
2. A Referral Agent May **Not**:
  - a. Solicit already-listed property owners.
  - b. Use any MLS, lockboxes or listing materials.
  - c. Discuss commissions with any consumer.
  - d. Perform any financial qualifying.
  - e. Be the ongoing contact for the customer's questions, as they need to develop trust in the referred Active Sales Associate.
3. Effective July 1 of each odd-numbered year, NJ Real Estate Licenses are renewed. The Referral Agent must pay their own license fees when invoiced.
4. Should the Referral Agent ever wish to return to Active Status, s/he must comply with all then-current Continuing Education requirements imposed by the State (see explanation on Page 4).
5. Any payments to a Referral Agent by NJRRE during any calendar year shall be reported on an IRS Form 1099.

### **Making a referral:**

1. The Referral Agent will fill out the appropriate referral form, submit it to the office of the Referred Active Agent, and once signed there send a copy to NJRRE and keep a copy for personal reference.
2. The Referral Contact of Keller Williams Princeton will assist the Referral Agent in making a referral to any out-of area locations.

### **Getting Paid:**

1. When the referred transaction (Listing or Sale side) is settled, the Gross Commission earned by the Referred Active Agent will be paid to that agent's company.
2. A referral fee corresponding to the negotiated referral percent will then be paid by that company to NJRRE. Typically, this is 25% of the Gross Commission on the referred side, but can vary.
3. This Referral Fee shall then be split between NJRRE and the Referral Agent as follows:
  - a. If the referral was made to an Agent at Keller Williams Princeton, 90% to the Referral Agent, with 10% to NJRRE.
  - b. If the referral was made to an Agent at another Keller Williams office, 80% to the Referral Agent, with 20% to NJRRE.
  - c. If the referral was made to an Agent at an office not affiliated with Keller Williams, 60% to the Referral Agent, with 40% to NJRRE.
  - d. If the referral was made to an Agent at an office not affiliated with Keller Williams because there was no Keller Williams office located within 25 miles of the referred Agent's office, 80% will be paid to the Referral Agent, with 20% to NJRRE.

#### Example:

Consider a referred listing, priced at **\$400,000**

Listing side of commission: **3% = \$12,000**

**25% Referral Fee paid to NJRRE:  $.25 \times \$12,000 = \$3,000$**

Assuming the referral is made to an Associate from Keller Williams Princeton:

NJRRE retains **10%** of the Referral Fee:  **$\$3,000 \times 10\% = \$300$**

The Referral Agent is paid the remaining **90%**:  **$\$3,000 \times 90\% = \$2,700$**

**AGENT'S BANKING INFORMATION**

All commission payments and disbursements from NJRRE are deposited directly into each agent's designated checking account.

All payments of invoices are made by withdrawal from each agent's designated checking account.

Please provide the banking information indicated, as of the date you are joining. If this changes over time, please notify NJRRE:

Name of Banking Institution	Name on Checking Account
Bank Routing Number	Bank Account Number

AGENT:

Name Printed: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

for NJRRE: Max D. Lancaster

Signature: 

Date: \_\_\_\_\_