

## AGREEMENT BETWEEN SPONSORING BROKER AND SPONSORED LICENSEE

This contract is executed on the day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ and \_\_\_\_\_ between \_\_\_\_\_, hereinafter referred to as "Sponsoring Broker", and \_\_\_\_\_, hereinafter referred to as "Sponsored Licensee".

### RECITALS:

The Sponsoring Broker holds a valid license and operates as a real estate broker within the City of \_\_\_\_\_

State of Illinois;

WHEREAS, the Sponsored Licensee currently holds a valid license and actively conducts business as a sponsored real estate licensee, and WHEREAS, both the Sponsoring Broker and Sponsored Licensee recognize that entering into this agreement under the following terms and conditions is mutually beneficial.

NOW, THEREFORE, in exchange for the mutual agreements and commitments set forth herein, and for all actions taken in accordance with this contract, the parties below agree to the following terms:

### 1. Facilities and Sales Responsibilities.

- A. The Sponsored Licensee commits to diligently, loyally, legally, and with their best efforts, work to sell, trade, lease, or rent all real estate listed by the Sponsoring Broker (excluding any special listings exclusively assigned by the Sponsoring Broker to another sponsored licensee). Additionally, the Sponsored Licensee agrees to seek out new listings and clients on behalf of the Sponsoring Broker and to actively promote the real estate business to ensure maximum profit for both parties.
- B. For the convenience of the Sponsored Licensee, the Sponsoring Broker will provide access to desk space, clerical support, and office facilities at the Sponsoring Broker's current office located at \_\_\_\_\_, Illinois, or at any other locations the Sponsoring Broker may use periodically.
- C. The Sponsoring Broker will make all current office listings available to the Sponsored Licensee, except for those listings which, for valid business reasons, are temporarily assigned exclusively to another sponsored licensee. Upon request, the Sponsoring Broker will also offer assistance and full cooperation to the Sponsored Licensee.

### 2. Termination.

- A. Either party may end this agreement and the relationship it establishes at any time, with or without reason, by providing the other party with \_\_\_\_\_ ( ) days' written notice. However, termination of this agreement shall not affect either party's right to commissions or compensation earned before the notice was given, except as otherwise specified in this contract.
  - B. Upon the termination of this agreement, any negotiations initiated by the Sponsored Licensee during the term shall remain under the management of the Sponsoring Broker, with reasonable cooperation from the Sponsored Licensee as circumstances permit. Compensation to the Sponsored Licensee will be made in accordance with the Commission Schedule outlined in paragraph 5, after deducting any applicable expenses.
  - C. Upon termination, the Sponsored Licensee shall provide the Sponsoring Broker with a genuine and complete list of all prospects, leads, and potential transactions developed or pursued by the Sponsored Licensee. This includes any transactions completed after termination in which the Sponsored Licensee has contributed assistance as outlined in this paragraph. Except as stated in subparagraph B above, the Sponsored Licensee will not receive compensation for any transactions finalized after the termination of this agreement unless there is a written agreement from the Sponsoring Broker.
  - D. Following the termination of this agreement, the Sponsored Licensee agrees not to disclose to any individual, company, or entity involved in real estate any details regarding the Sponsoring Broker's clients, customers, properties, pricing, negotiation terms, policies, client relationships, or any other confidential information related to the Sponsoring Broker and their business. The Sponsored Licensee agrees that, during or after the termination of this agreement, they will not take from the Sponsoring Broker's office or files any maps, books, publications, card records, investor or prospect lists, or any other materials. All such records and information are explicitly acknowledged as the exclusive property of the Sponsoring Broker. However, the Sponsored Licensee has the right to obtain copies of specific documents related to transactions in which they have a genuine interest, and the Sponsoring Broker shall not unreasonably refuse to provide these copies.
3. Vehicle. The Sponsored Licensee agrees to provide and maintain their own vehicle at their own expense, and the Sponsoring Broker assumes no responsibility for these costs. The Sponsored Licensee also agrees to maintain public liability insurance on the vehicle with minimum coverage of \$ \_\_\_\_\_ for each person and \$ \_\_\_\_\_ for each accident and with a property damage limit of \$ \_\_\_\_\_.
4. Real Estate Licenses, Insurance, and Membership Fees. The Sponsored Licensee shall be responsible for all costs related to their own real estate license as well as any dues for membership in professional real estate organizations \_\_\_\_\_

The Sponsored Licensee may join any professional or trade organizations of their choice and is responsible for paying all associated membership fees. Additionally, the Sponsored Licensee agrees to secure and maintain errors and omissions insurance from a provider and in coverage amounts approved by the Sponsoring Broker.

5. Commissions/Compensation

- A. The commissions, fees, and compensation for services related to the sale, rental, trade, or lease of real estate shall follow the terms outlined in the Sponsoring Broker's policy manual or equivalent written guidelines, and such payments shall be made payable to the Sponsoring Broker. The Sponsored Licensee shall not offer a commission or fee lower than that established by the Sponsoring Broker without prior approval. If the Sponsoring Broker has a special contract or arrangement concerning any specific transaction, the Sponsored Licensee will be informed accordingly. Commissions earned and paid under this agreement will be shared between the Sponsoring Broker and Sponsored Licensee as follows (select the appropriate option):
- ☐ Option 1: \_\_\_\_\_ % of the commission compensation paid to the Sponsoring Broker shall be paid to the Sponsored Licensee; \_\_\_\_\_
  - ☐ Option 2: Compensation will be determined according to the Sponsoring Broker's commission and payment schedule, which may be updated periodically. The Sponsoring Broker will inform the Sponsored Licensee of any \_\_\_\_\_ such \_\_\_\_\_ revisions; \_\_\_\_\_ or
  - ☐ Option 3: According to \_\_\_\_\_, a separate Addendum attached to this agreement that details the commission and compensation terms between the Sponsoring Broker and Sponsored Licensee.
- B. If two or more sponsored licensees contracted with the Sponsoring Broker are involved in the same transaction and each claims a commission, the commission amount allocated to these licensees will be divided equally among them or as otherwise agreed upon in writing by the involved licensees.
- C. Under no circumstances shall the Sponsoring Broker be personally responsible to the Sponsored Licensee for any commissions not received, nor shall the Sponsored Licensee be personally responsible to the Sponsoring Broker for uncollected commissions. When commission payments are received from the client or clients for whom the services were provided, such funds shall be deposited with the Sponsoring Broker and then distributed according to the terms of this agreement.
- D. The earned commissions, which may be received or held by the Sponsoring Broker but owed to the Sponsored Licensee, will be distributed as soon as reasonably possible following receipt. However, the Sponsoring Broker is entitled to first recover any expenses incurred during the collection process, such as attorney fees, revenue stamps, or other related costs.

6. Supervision

- A. The Sponsored Licensee agrees to comply with the Illinois Real Estate License Act (RELA) and follow the standards and policies outlined by the Sponsoring Broker in the Office Policy Manual, including RELA's requirements for overseeing new broker licensees until they complete the 45-hour post-license education.
- B. Should the Sponsored Licensee require advice or guidance regarding any transaction or situation, they agree to consult with the Sponsoring Broker or an authorized representative designated by the Sponsoring Broker.

7. Listings, Correspondence, Records and Forms

- A. The Sponsored Licensee agrees that all property listings and related real estate activities shall be conducted in the name of the Sponsoring Broker. Such listings must be submitted to the Sponsoring Broker within twenty-four (24) hours of receipt. Unless otherwise mutually agreed, all listings shall remain the sole and exclusive property of the Sponsoring Broker.
- B. Both parties acknowledge that all correspondence received or sent, plats, listing details, memoranda, files, photographs, reports, legal opinions, financial information, and any other documents or data related to transactions managed by the Sponsoring Broker, the Sponsored Licensee, or both, are the property of the Sponsoring Broker. However, the Sponsored Licensee may obtain copies of such materials upon reasonable request.
- C. All correspondence from the Sponsoring Broker's office related to transactions involving the Sponsored Licensee, wholly or partially, shall be jointly approved by both parties.
- D. The forms used by the Sponsored Licensee shall be those supplied or approved by the Sponsoring Broker.
- E. The Sponsoring Broker retains the right to review and approve all finalized contracts and documents before they are presented for client signatures. New broker licensees who have not completed the 45-hour post-license education are not authorized to bind the Sponsoring Broker to any contracts.

8. Independent Contractor Status and Statutory Non-Employee: Notification of Sponsorship Changes

- A. This agreement does not create an employment relationship between the parties. The Sponsored Licensee shall remain an independent contractor and a statutory non-employee as defined herein. Being a statutory non-employee means that the Sponsored Licensee holds a valid Illinois real estate license, operates under the terms of this agreement, earns the majority of their income through commissions, and is solely responsible for filing and paying all applicable taxes. This agreement is not intended to establish a partnership, and neither party shall be held liable for the obligations of the other, except as otherwise stated. The Sponsoring Broker will not withhold any taxes or other deductions from the Sponsored Licensee's commissions. The Sponsored Licensee will not be classified as an employee for federal or state tax purposes and will bear full responsibility for all taxes related to commissions or other compensation received. Additionally, the Sponsoring Broker will not provide or pay for any workers' compensation or unemployment insurance on behalf of the Sponsored Licensee.
- B. The Sponsoring Broker agrees to act as the official sponsor of the Sponsored Licensee in accordance with the requirements of the Illinois Real Estate License Act, as amended, 225 ILCS 454/10-20 (a).
- C. The Sponsored Licensee shall notify the Sponsoring Broker in writing within 24 hours of submitting any change of sponsoring

broker.

9. Default and Hold Harmless.

Both parties agree that if either party fails to comply with or violates any terms of this Agreement, and such failure causes any loss or harm to the other party, the party at fault shall be responsible for compensating the other for those losses or damages. Furthermore, the party at fault agrees to protect and hold harmless the other party from any claims, demands, legal actions, or lawsuits that may arise from or be connected to such a breach of this Agreement.

10. Ethics, Laws, and Professional Conduct.

- A. Both the Sponsored Licensee and Sponsoring Broker agree to manage their business practices and working schedules in a manner that preserves and enhances the goodwill, business success, earnings, and reputation of both parties. They commit to complying with all applicable laws, regulations, and standards governing real estate brokers and sponsored licensees. Specifically, both parties shall adhere to the ethical guidelines established by their professional organizations, the state real estate licensing laws, the rules of any local real estate associations or multiple listing services currently or subsequently affiliated with the Sponsoring Broker, including any future amendments or additions.
- B. The Sponsored Licensee acknowledges the Sponsoring Broker's dedication to upholding all relevant local, state, and federal fair housing and antitrust laws and recognizes the expectation that the Sponsored Licensee will be informed about these laws and conduct their business accordingly.

Disputes and Legal Proceedings.

- C. If the Sponsored Licensee chooses not to participate in legal actions alongside the Sponsoring Broker, the Sponsored Licensee grants the Sponsoring Broker power of attorney to act on their behalf. This includes initiating legal proceedings in a court with proper jurisdiction regarding commissions or other issues related to the real estate business conducted under this Agreement; managing these actions through to final resolution; negotiating settlements; defending lawsuits or claims connected to said business; hiring legal counsel; and resolving matters in whatever way the Sponsoring Broker deems appropriate or necessary.
  - D. Should any transaction involving the Sponsored Licensee lead to disputes, legal challenges, or expenses, the Sponsored Licensee agrees to fully cooperate with the Sponsoring Broker. While it is the goal to avoid litigation whenever possible, the Sponsoring Broker has sole discretion to decide whether to initiate, defend, settle, or otherwise resolve any dispute or legal matter, including whether to incur legal costs. However, any settlement involving payment, relinquishment of undisputed commissions, or other financial concessions on behalf of the Sponsored Licensee requires the Sponsored Licensee's prior written approval.
  - E. The Sponsored Licensee must inform the Sponsoring Broker promptly of any transaction they are involved in that could potentially lead to litigation or arbitration involving the Sponsoring Broker.
11. Expenses. The Sponsoring Broker shall not be responsible for any costs or expenses incurred by the Sponsored Licensee, nor for any actions taken by the Sponsored Licensee. Likewise, the Sponsored Licensee shall not be held responsible for any office expenses, support staff, or actions of the Sponsoring Broker, except as explicitly stated in this agreement.

12. Miscellaneous.

- A. Heirs, Successors, and Assigns: This agreement shall be binding upon and benefit the heirs, successors, and assigns of the parties involved.
- B. Notices: All notices required under this agreement must be in writing and shall be deemed adequate if delivered by certified mail or email to the most recent address known for the respective party.
- C. Governing Law: This agreement shall be governed and interpreted in accordance with the laws of the State of Illinois.
- D. Assignment: This agreement is personal to the parties and cannot be assigned, transferred, sold, or otherwise conveyed by either party without prior consent.
- E. Waiver: The failure by any party to enforce any provision or term of this agreement at any time shall not be interpreted as a waiver of that provision, nor shall it limit the right of that party to enforce the provision at a later time.
- F. Entire Agreement: This document represents the complete and exclusive agreement between the Sponsoring Broker and the Sponsored Licensee, with no other agreements or understandings existing outside of what is expressly stated herein.
- G. Severability: Should any term or provision of this agreement be found invalid or unenforceable in any jurisdiction, the remaining provisions shall continue in full effect in that jurisdiction and elsewhere. The invalidity or unenforceability of any part shall not diminish the validity or enforceability of the same provision in other jurisdictions, and all provisions shall be interpreted generously to fulfill the intent of this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement on the date and year first stated above.

SPONSORING BROKER

SPONSORED LICENSEE

\_\_\_\_\_

By: \_\_\_\_\_

Capacity \_\_\_\_\_