

MICHIGAN REALTORS®

Working in Teams Toolkit

An Introduction

It is now extremely common for Realtors® within a Brokerage Firm to work in Teams. As part of this practice, the Team members adopt a Team name and typically use that name in advertisements. Often, but not always, the Team is set up as a formal legal entity, such as a corporation or limited liability company. Agents working within the Team may identify themselves as being affiliated with the Team, rather than the brokerage.

The Team phenomenon raises a number of legal issues, in large part because the Team concept is not recognized under Michigan license law. The concept of a “Team” has no legal status under the Occupational Code. Michigan law provides only for individual licensees (salespersons and associate brokers), all of whom report to and are paid by the real estate broker through whom they are licensed.

This packet was put together to assist Michigan Realtors® in identifying the legal issues raised by the Team concept and to suggest possible ways of addressing those issues. Since the Team concept has developed over time in the absence of any statutory guidance, there are a number of different Team structures. We have attempted to describe what we believe are the four main types of Team structures and the different legal issues raised by each.

We have not attempted to address the operational (*i.e.*, non-legal) issues. For example, some firms prohibit agents from recruiting other agents in the firm to join their Team. Some firms permit only certain types of Team arrangements. Firms are encouraged to adopt office-wide Team policies and to review and approve all Team arrangements in their office.

Finally, the intent of this packet is to identify the legal issues and hopefully provide an initial framework for Teams and their brokers. It is not a substitute for legal counsel. Realtors® desiring to use a Team model (as well as brokers working with Teams) are strongly encouraged to seek the advice of an attorney.

Basic Team Models

- Model A: In a “Model A” Team, the members of the Team have an informal joint marketing arrangement. The Team is not a separate legal entity. The salespersons and associate brokers within the Team are paid directly by the Brokerage Firm.
- Model B: In a “Model B” Team, the Team Entity is a separate entity with its own broker’s license. A “Model B” Team conducts business (*e.g.*, lists property) in its own name. The Team Entity and the Brokerage Firm may have a joint venture arrangement whereby they share expenses, technology, advertising, commissions, etc.
- Model C: In a “Model C” Team, the Team Entity is a separate legal entity with its own brokerage license; however, the Team Entity conducts business (*e.g.*, lists property) in the name of the Brokerage Firm. The Brokerage Firm pays the Team Entity, who in turn compensates the members of the Team.
- Model D: In a “Model D” Team, the Team Entity is a separate legal entity which may or may not have its own broker’s license. As with a “Model C” Team, members of a “Model D” Team conduct business in the name of the Brokerage Firm. Unlike with a “Model C” Team, members of a “Model D” Team are paid directly by the Brokerage Firm.

For All Team Models...

NAR says members may not use the Realtor® mark in connection with a Team name. Members can only use the Realtor® trademark in connection with their personal name and/or the real estate brokerage name.

If a Team Entity is a separate legal entity, it will likely need its own errors and omissions policy. Insurance coverage questions should be discussed with the Brokerage Firm's insurance agent.

Occupational Code

Michigan licensing law does not currently recognize the Team concept. This does not mean that Teams are not permissible in Michigan, but it does mean that the State's licensing laws do not readily accommodate a Team structure.

The Code requires a broker to supervise its licensees. Supervision requires review of the licensee's practices as well as analyses and guidance of the licensee's regulated activities. MCL 339.2512f. A Broker cannot contract to lose the authority to supervise salespersons or non-principal associate brokers. Because of these Code requirements, a licensee cannot report only to the Team leader – the broker must continue to supervise licensees who are members of a Team.

The Code provides that all advertising must include the broker's name as licensed and either the broker's address or phone number. Beginning on January 1, 2018, in any advertising, the individual licensee's name or team name cannot be larger than the broker's name. MCL 339.2512e.

Under the Occupational Code, a salesperson can only receive a commission or other compensation from the broker through whom he or she is licensed. MCL 339.2510. Therefore, if a salesperson is licensed through the Brokerage Firm, he or she cannot be paid by the Team Entity.

Employee/Independent Contractor Status

Employees should sign a written acknowledgment stating whether they are employees of the Team or the Brokerage Firm (Exhibit 2). Non-licensees cannot be independent contractors. Where the non-licensee is to be employed by the Brokerage Firm and the employee cost is to be reimbursed by the Team Entity (or a specific Team Entity member), an employee leasing agreement should be used (Exhibit 3). Note that in an employee leasing arrangement, the ultimate responsibility for compliance with employment laws and the potential liability arising from any employment relationships falls on the Brokerage Firm.

Independent Contractor Agreements should not be with the Team Entity unless the listing contracts and buyer agency contracts are also in the name of the Team Entity and the Team Entity has its own broker's license (Model "B").

Teams (and the Brokerage Firms they are affiliated with) need to make sure that they do not hire what are really employees and treat them as independent contractors. Remember:

- (1) Unlicensed personal assistants are always employees.
- (2) Licensed personal assistants can only be independent contractors if they have a written independent contractor agreement and receive at least 75% of their compensation in the form of commission.

A Brokerage Firm may wish to require Teams to indemnify the firm in the event that any governmental agency determines that any Team member treated as an independent contractor was actually an employee of the Brokerage Firm and that back taxes, penalties and/or fines are due.

Dual Agency and Teams

In a traditional agency Brokerage Firm, each client of the firm has an agency relationship with every member of the firm. If one of the firm's buyer-clients becomes interested in one of the firm's listings, either the agency relationship with the buyer is terminated or the firm and both agents will become consensual dual agents. The clients will need to sign a dual agency agreement acknowledging this status.

In a designated agency Brokerage Firm, a client of the firm has an agency relationship with only the particular agent (or agents) named in the designated agency contract. Where different agents in the firm represent the buyer and the seller in the same transaction, these agents are not dual agents. Instead, each agent can continue to represent his or her own client with the full range of services and duties just as if the transaction involved another firm. Firms who practice designated agency must implement safeguards so that a client's confidential information is not shared with other agents in the firm. In a designated agency firm, a dual agency situation arises only when the same designated agent represents both the buyer and the seller.

In a traditional agency office, dual agency is no different for Team members than for non-Team members. If the buyer and seller are both working with agents of the firm, then there will need to be a consensual dual agency agreement whether or not those agents are Team members.

In a designated agency office, dual agency is no different if one of the parties is represented by a Team member and one of the parties is represented by another agent of the firm that is not part of the same Team. However, new concerns are raised if the buyer and seller are represented by different members of the same Team. Can a Team who operates through the coordinated efforts of its Team members serve both the buyer and seller in the same transaction? If the Team meets regularly to review, update or strategize with respect to transactions being conducted by the Team, presumably client confidential information may be discussed at these sessions. It is also likely that Team members may have access to confidential information contained in the Team's electronic and paper records.

Because of these concerns, a Brokerage Firm practicing designated agency may wish to consider adopting a policy whereby Team members may not act as designated agents for a buyer who becomes interested in another Team member's listing. In this situation, both Team members could act as consensual dual agents just as if they were operating in a traditional agency office. Alternatively, the buyer could be referred to another member of the Brokerage Firm who is not part of the Team. To facilitate this policy, the firm could adopt a policy whereby each licensed member of the Team is listed in every one of the Team's designated agency contracts – thereby making clear that the client has a fiduciary relationship with everyone on the Team. Confidential information about a client could then be freely shared with other Team members. It would be the duty of Team members to make certain that a client's confidential information was not shared with other members of the firm who were not members of the Team.

The potential difficulties are even greater for Teams that have organized as corporations or limited liability companies. For those Teams, there is another reason for not allowing members of the Team to represent a seller and a buyer in the same transaction. If the Team is a legal entity, even if clients' confidential information is carefully preserved, a court could nonetheless hold that the information is deemed to have been shared with other Team members as a matter of law. Firms operating as traditional brokerages fully understand that as a matter of corporate law, any confidential information from a client obtained by an agent within the firm is imputed to all other agents in the firm. So, for example, if buyers tell their designated agent how much they are willing to pay for a home, all other agents within the firm are treated as if they also have that knowledge. One of the keys to making designated agency work was to change this principal of corporate law when Realtors® are acting as designated agents. The statute specifically provides:

The designated agent's knowledge of confidential information of a client is not imputed to any affiliated licensee not having the agency relationship with that client.

In other words, when practicing designated agency, if a designated agent is told by her buyers how much they are willing to spend, that information is not imputed to the other agents in the firm.

A problem could arise when another "corporate" layer is added in the form of the Team set up as a corporate entity. Obviously, when the designated agency law was implemented, that statute was specifically designed to prevent confidential information provided to a designated agent from being imputed to all other members of the firm. An argument could be made that the statute only prevents knowledge from being imputed to other individual designated agents within the Brokerage Firm. The argument would be made that the statute was not designed and does not prevent knowledge from being imputed to members of a Team that is organized as a corporation. For this reason, where a Team is a separate legal entity, but the Team members are licensed through the Brokerage Firm (*i.e.*, Models "C" and "D"), it is strongly recommended that different members of the Team do not try and represent the seller and buyer in the same transaction.

“Model A” Teams

Years ago, most Teams were set up using the “Model A” structure. Under this model, the Team was not set up as a separate legal entity. Instead, the Team was an informal arrangement between salespersons to provide mutual support and share expenses. Commissions were not shared, and the Brokerage Firm paid each Team member separately. This model is sometimes used today by top agents who have multiple agents assisting them as “silent” agents. Where a Team uses this model:

- (1) The Brokerage Firm should enter into Independent Contractor Agreements with all licensed Team members in ordinary course (Exhibit 1). Licensed Team members must be paid by the Brokerage Firm and not by the Team. However, with the written consent of the Team members, the Brokerage Firm can distribute a commission as directed by the Team leader. (For example, “the commission owed on 123 Elm Street shall be paid one-half to Team Member A and one-half to Team Member B.”) (Exhibit 4, Box “B”).
- (2) If the Team uses employees (and all non-licensees must be employees), employees may be employees of the Brokerage Firm or employees of an individual Team member. Employees should be required to acknowledge their employment status in writing. A sample acknowledgment form is attached for that purpose (Exhibit 2). The Brokerage Firm may agree to hire the employees directly and lease those employees to a Team member. A sample employee leasing agreement is attached (Exhibit 3).
- (3) This model works best if there is no advertising done in the Team name. A non-entity who advertises as a “Team” may be deemed to be operating as a partnership, in which case the “partners” in the “partnership” could be found personally liable for the actions of the “partnership.”
- (4) If the Brokerage Firm is a designated agency office, the Brokerage Firm should adopt a policy as to whether different members of the same Team may represent the buyer and seller in a single transaction. In other words, will all licensed members of a Team be designated agents of every client? If so, then the Team must act as a consensual dual agent whenever both the buyer and the seller are working with the Team. If not, then the Team will need to implement safeguards to prevent any confidential information about a client from being shared with other members of the Team. A consistent office-wide policy is preferable.

“Model B” Teams

“Model B” Teams are set up as separate entities and have their own broker’s license. Business is conducted in the name of the Team, rather than the Brokerage Firm. In other words, listing agreements and buyer’s agency contracts are in the name of the Team Entity. The Team Entity and the Brokerage Firm are affiliated in some way – for example, the Team Entity may pay the Brokerage Firm to use its office space, staff, technology and other resources. The Team Entity may include the Brokerage Firm’s name in its advertising.

Where a Team uses this model:

- (1) The Team will need to be set up as a separate legal entity (*e.g.*, corporation or limited liability company). A limited liability company requires articles of organization and an operating agreement. A corporation will require articles of incorporation and bylaws.
- (2) The Team Entity will need a broker’s license.
- (3) The business terms between the owners (*e.g.*, the members of the limited liability company) of the Team are typically set forth in the organizational documents (*e.g.*, the operating agreement). The business terms with the non-owner Team members will need to be spelled out in the Independent Contractor Agreements (with the licensees) and the employment agreements (with the non-licensees).
- (4) The Team Entity will need an employer identification number (EIN) and its own bank account and trust account.
- (5) All licensed Team members must be licensed through and enter into Independent Contractor Agreements with the Team Entity (Exhibit 1).
- (6) The Team Entity would typically hire its own non-licensee employees, although it is certainly permissible for the Brokerage Firm to hire the employees and lease them to the Team Entity. A sample employee leasing agreement is attached (Exhibit 3).
- (7) The Team Entity must decide whether it will operate as a designated agency office or a traditional agency office.
- (8) The Team Entity must obtain its own errors and omissions coverage.
- (9) The Team Entity and the Brokerage Firm may enter into a joint venture agreement covering the sharing of expenses, commissions, advertising, etc.

“Model C” Teams

“Model C” Teams are set up as separate entities and have their own broker’s license. Business is conducted in the name of the Brokerage Firm, meaning that listing contracts and buyer’s agency contracts are with the Brokerage Firm. The members of the Team enter into Independent Contractor Agreements with the Brokerage Firm, rather than the Team Entity. Each member of the Team Entity directs the Brokerage Firm to pay any commission owed to that member to the Team Entity rather than the individual Team member. Members of the Team divide up all income received by the Team Entity according to their own separate agreement.

“Model C” Teams are difficult because the structure does not easily fit with Michigan’s existing license law. First of all, under the Occupational Code, salespersons can only be paid by the broker through whom they are licensed. For this reason, if a Team is going to pay its licensees directly, then all of the licensees must have associate broker’s licenses. Also, of significant concern is the federal and state regulatory rule whereby a real estate licensee is an independent contractor IF the licensee has a written agreement stating that he or she is not an employee for federal and state income tax purposes and “not less than 75% of the annual compensation paid by the real estate broker to the associate broker or real estate salesperson is from commissions from the sale of real estate.” It is simply not clear whether this definition would apply in a situation where the broker pays the commission to the Team Entity (not the licensee) and the Team Entity in turn distributes the money it receives according to its own agreed-upon formula. If a licensee who has been treated as an independent contractor is determined to have been an employee, the financial ramifications to the Brokerage Firm are significant. For this reason, Brokerage Firms who have Teams who want to use “Model C” are strongly encouraged to consult with an accountant and/or tax counsel.

Where a Team uses this model:

- (1) The Team will need to be set up as a separate legal entity (*e.g.*, corporation or limited liability company). A limited liability company requires articles of organization and an operating agreement. A corporation will require articles of incorporation and bylaws.
- (2) The Team Entity will need a broker’s license.
- (3) The business terms between the owners (*e.g.*, the members of the limited liability company) of the Team are typically set forth in the organizational documents (*e.g.*, the operating agreement). The business terms with the non-owner Team members will need to be spelled out in a separate agreement.
- (4) The Brokerage Firm should enter into an Independent Contractor Agreement with all licensed Team members (Exhibit 1). The Team members should direct the Brokerage Firm to pay any commission owed that member to the Team Entity. A Team Addendum to Independent Contractor Agreement is attached for that purpose (Exhibit 4). All licensed Team members paid by a Team Entity will need

to be associate brokers because the Occupational Code prohibits a salesperson from receiving compensation from anyone other than his or her broker.

- (5) If the Team Entity uses employees (and all non-licensees must be employees), the employees may be employees of the Brokerage Firm or employees of the Team Entity. Employees should be required to acknowledge this status in writing (Exhibit 2). The Brokerage Firm may agree to hire the employees directly and lease those employees to the Team Entity. An employee leasing agreement is attached for that purpose (Exhibit 3).
- (6) If the Brokerage Firm is a designated agency office, the Brokerage Firm should strongly consider adopting a policy prohibiting different members of the same Team from representing both the buyer and seller in a single transaction. Under this policy, if the buyer and seller are both working with Team members, then the transaction would be handled through consensual dual agency. To facilitate this policy, a firm could require each licensed member of a Team to be listed as a designated agent in every one of the Team's agency contracts – thereby making clear that every client has a fiduciary relationship with everyone on the Team.

“Model D” Teams

A Model D Team structure is similar to a Model C Team structure except that all Team members are paid directly by the Brokerage Firm. The Team Entity is a separate legal entity, but none of the salespersons are licensed through the Team Entity. All licensed Team members are licensed with and have Independent Contractor Agreements with the Brokerage Firm.

Where a Team uses this model:

- (1) The Team will need to be set up as a separate legal entity (*e.g.*, corporation or limited liability company). A limited liability company requires articles of organization and an operating agreement. A corporation will require articles of incorporation and bylaws.
- (2) Since the Brokerage Firm pays all Team members directly, it is not necessary that the Team Entity have its own broker’s license. The Team Entity will need a broker’s license if it is ever the case that the Brokerage Firm issues a commission check to the Team Entity.
- (3) The business terms between the owners (*e.g.*, the members of the limited liability company) of the Team are typically set forth in the organizational documents (*e.g.*, the operating agreement). The business terms with the non-owner Team members will need to be spelled out in a separate agreement.
- (4) The Brokerage Firm should enter into an Independent Contractor Agreement with all licensed Team members (Exhibit 1). The Team members should sign a Team Addendum to Independent Contractor Agreement (Exhibit 4) and direct that the Brokerage Firm either: (i) distribute any commissions earned under the Agreement as directed by the Team leader (Box “B”); or (ii) distribute any commissions earned under the Agreement to the Team member (Box “C”).
- (5) If the Team Entity uses employees (and all non-licensees must be employees), determine whether the employees will be employees of the Brokerage Firm or employees of the Team Entity. Employees should be required to acknowledge this status in writing (Exhibit 2). The Brokerage Firm may agree to hire the employees directly and lease those employees to the Team Entity. An employee leasing agreement is attached (Exhibit 3).
- (6) If the Brokerage Firm is a designated agency office, the Brokerage Firm should strongly consider adopting a policy prohibiting different members of the same Team from representing the buyer and seller in a single transaction. Under this policy, if the buyer and seller are both working with Team members, then the transaction would be handled through consensual dual agency. To facilitate this policy, a firm could require each licensed member of a Team to be listed as a designated agent in every one of the Team’s agency contracts – thereby making clear that every client has a fiduciary relationship with everyone on the Team.

Exhibit 1

INDEPENDENT CONTRACTOR AGREEMENT

Contract Date: _____, 20_____

Brokerage Firm: _____ (“Broker”)

Address of Firm: _____

Associate Broker/Salesperson: _____ (“Associate”)

1. Broker, a licensed Michigan real estate broker, retains Associate, who is a licensed associate broker or a licensed salesperson, as an independent contractor to assist Broker in the performance of real estate related activities.
2. Associate agrees to work diligently and use his/her best efforts to procure real estate business for Broker. Associate is authorized to execute listing agreements and buyer broker agreements on behalf of Broker.
3. Broker will provide Associate with access to all current listings of Broker and listings made available to Broker through offers of cooperation.
4. Associate may utilize Broker’s office facilities for the performance of Associate’s services as provided in this Agreement.
5. Associate will conduct his/her business in a reputable manner and in conformance with the National Association of REALTORS® Code of Ethics and Arbitration Manual as amended to conform to Michigan law (the “Manual”), as well as all applicable laws, rules and regulations and the Broker’s policies and procedures.
6. Broker shall have sole control over the manner in which its listings of real estate are advertised on any medium. All advertisements of listings shall prominently display the Broker’s name. Associate may not display, or authorize any third party to display, Broker’s listings on any website without Broker’s prior written consent. Associate shall comply with all of Broker’s rules and regulations governing internet advertising activities as the same may be imposed by Broker from time to time.
7. Broker and Associate intend that all photographs, images, graphics, video recordings, virtual tours, drawings, written descriptions, remarks, narratives, pricing information, and all other copyrightable elements submitted by Associate to Broker at any time with respect to a real estate listing (the “Listing Content”) shall be the property of Broker and a contribution to a collective work consisting of Listing Content of all Broker’s sales licensees, subject to the following:
 - a. To the extent permitted under applicable law, all Listing Content shall be considered a Work Made for Hire (as such term is defined under the Copyright

Act, 17 U.S.C. Section 101 and following, as amended) (a “Work Made for Hire”) by Associate for Broker, and as such, shall be exclusively developed for the benefit of and owned by Broker. Broker shall exclusively own all copyrights and all other intellectual property rights in the Listing Content.

- b. To the extent that it is determined that any of the Listing Content does not qualify as a Work Made for Hire, Associate agrees to assign and transfer and does hereby irrevocably assign and transfer to Broker any and all right, title, and interest, including all copyright rights and other intellectual property rights, and all actions and causes of action related to the foregoing, and all damages, profits, and other recoveries related thereto, which Associate may have or acquire in and to any and all Listing Content. Such rights, title, and interest shall be deemed assigned as of the moment of creation without necessity of any further action on the part of either party. Associate represents and warrants to Broker with respect to the Listing Content for each listing procured by Associate that (i) each element of the Listing Content is an original work of authorship of Associate, or has been assigned to Associate, and (ii) the Listing Content and this assignment of rights to Broker do not violate or infringe upon the rights, including any copyright rights, of any person or entity.
- c. Associate agrees to take all action and execute and deliver to Broker all documents requested by Broker in connection with the transfer and assignment of rights in and to the Listing Content to Broker, and any copyright application for and registration of the Listing Content.
- d. If the foregoing assignment is determined to be unenforceable for any reason, Associate hereby grants to Broker an exclusive, non-revocable, worldwide, royalty-free copyright license to sublicense through multiple tiers, publish, display, reproduce, create derivative works of, and distribute the Listing Content or any derivative works thereof.
- e. Associate shall indemnify Broker against all damages, costs, and liabilities, including reasonable attorney fees, arising from any claim that the Listing Content or any portion of the Listing Content infringes the rights of any third party. ASSOCIATE ACKNOWLEDGES THAT THE FOREGOING SENTENCE MEANS THAT ASSOCIATE MUST OBTAIN ASSIGNMENTS FROM THE AUTHORS OF ANY PORTIONS OF THE LISTING CONTENT, INCLUDING SELLERS, AS NECESSARY FOR ASSOCIATE TO ASSIGN THE LISTING CONTENT TO BROKER AND TO OTHERWISE MAKE FULL USE OF THE LISTING CONTENT UNDER THIS AGREEMENT; IF ASSOCIATE FAILS TO DO SO, ASSOCIATE WILL ASSUME AND REIMBURSE BROKER FOR THE COST OF DEFENDING BROKER AGAINST INFRINGEMENT CLAIMS AND PAYING DAMAGES ON ANY SUCH CLAIMS.
- f. Broker hereby grants to Associate a limited, non-exclusive, and personal license to use Listing Content only for purposes as expressly allowed under Associate’s license, the rules and regulations of the MLS, and under this Agreement.

Associate agrees to take all reasonable steps to protect the MLS Database and Listing Content from unauthorized access, copyright or use.

8. It is expressly agreed and understood that, in the performance of his or her services hereunder, the Associate is not to be treated or otherwise considered as an employee of the Broker with respect to such services for federal tax purposes, or for any other tax purposes. It is further agreed and understood between the parties that the Broker WILL NOT withhold or pay over on behalf of the Associate any amounts relating to federal, state and local income taxes, unemployment compensation, workers' compensation or any other employer liability or responsibility. Associate agrees and understands that he or she is totally responsible for the timely reporting and payment of all income taxes and other governmental liabilities resulting from the performance of his or her services hereunder, which responsibility is not borne nor shared by the Broker in any manner whatsoever.
9. The commission, fees and other terms and conditions of contracts with clients shall be determined by Broker. When Associate performs any service hereunder for which a commission and/or fee is earned, the amount shall, when collected, be divided between Broker and Associate as set forth in the Commission Schedule incorporated herein by reference, as the same may be revised from time to time by the Broker in its sole discretion. It is expressly agreed that any amendments to the Commission Schedule shall not apply to any commission earned pursuant to a purchase agreement in place at the time of such amendment. In no case shall the Broker be personally liable to the Associate for any commission or fees, nor shall Associate be personally liable to Broker for any commission or fees, but when the funds shall have been collected from the party or parties for whom the service was performed, Broker shall hold it in trust for Associate and Broker, to be divided according to the terms of this Agreement. Payment to Associate is conditioned upon Broker's receipt of a complete file on the real estate transaction.
10. The division and distribution of earned commissions and/or fees shall take place as soon as practicable after receipt of the funds, provided however, that in the event Broker shall receive notice of a claim for all or a portion of such commission from another real estate broker, Broker may continue to hold such funds in trust until the claim is finally resolved. Arbitration requests and/or suits for commissions shall be maintained only in the name of the Broker, and the Associate shall be construed to be a subagent only, with respect to the clients and customers for whom services shall be performed.
11. Broker shall not be liable to Associate for any expenses incurred by him/her, nor shall Associate be liable to the Broker for any office expense, in each case except as may be expressly provided in this Agreement, the Commission Schedule or other written policy or procedure. Associate shall have no authority to obligate the Broker to pay any expenses, charges or other fees.
12. Associate shall furnish an automobile at his/her sole expense when one is necessary to carry out the duties of the Associate under the terms of this Agreement. Associate shall at all times carry liability insurance on his/her automobile in a form and provided by an

insurer acceptable to the Broker, with such insurance having minimum limits of \$ _____ for each person and \$ _____ for each accident, with a property damage limit of not less than \$ _____. The minimum amounts of insurance required under the terms of this paragraph may be adjusted by the Broker as is reasonably necessary. Associate shall, upon Broker's request, have the Broker listed as an additional insured under any such insurance policy or policies, and shall cause any such insurer to agree to provide Broker with thirty (30) days prior notice of any proposed cancellation of any such policies. Associate agrees, upon reasonable request, to furnish Broker with a certificate or other documentation acceptable to Broker evidencing that all insurance required under this paragraph has been obtained by the Associate and is then presently effective. Associate agrees to indemnify and hold Broker harmless from any claim for damages asserted against the Broker by reason of any act or omission by Associate in the use of his/her automobile, such indemnification to include reasonable attorneys' fees, costs and expenses incurred by Broker in defense of any such claim.

13. This contract and the association created hereby may be terminated by either party, with or without cause, at any time, upon _____ days' notice given to the other. The rights of the parties to any commission which accrued prior to notice of termination shall not be divested by the termination of this contract.
14. Associate shall not, after the termination of this contract, use to his/her own advantage, or the advantage of any other person or corporation, any information that is, or should reasonably be understood to be, confidential or proprietary to Broker.
15. In the event this Agreement is terminated for any reason, Associate shall immediately deliver all paper and electronic files to Broker, including active files.
 - a. For clients (both sellers and buyers) procured by Associate who have an agency contract in place at the time of termination (**select/modify as appropriate**):
 - ☞ *Associate shall not be entitled to a commission on any sales which close after termination, unless this Agreement is terminated by Broker without cause, in which case Associate shall receive all commissions earned prior to termination which are actually received by Broker. For purposes hereof, "earned" shall refer to transactions with a binding purchase agreement in place at the time of termination.*
 - ☞ *As to commissions actually received by Broker pursuant to binding purchase agreements in place prior to termination of this Agreement, Associate shall receive _____ percent of the commission to which he/she would have otherwise been entitled if the Agreement was still in place.*
 - ☞ *As to commissions actually received by Broker pursuant to purchase agreements signed after the termination of this Agreement, Associate shall receive _____ percent of the*

commission to which he/she would have otherwise been entitled if the Agreement was still in place. Associate shall not be entitled to any compensation in connection with purchase agreements signed during extensions to any such listings or on any re-listings.

b. **Pending Cooperating Sales.** For cooperating sales procured by Associate which are pending at the time of termination (**select/modify as appropriate**):

☞ *Associate shall not be entitled to a commission on any sales which close after termination, unless this Agreement is terminated by Broker without cause, in which case Associate shall receive all commissions earned prior to termination which are actually received by Broker. For purposes hereof, "earned" shall refer to transactions with a binding purchase agreement in place at the time of termination.*

☞ *As to commissions actually received by Broker pursuant to binding purchase agreements in place prior to termination of this Agreement, Associate shall be entitled to _____ percent of the commission to which he/she would have otherwise been entitled if the Agreement was still in place.*

16. This Agreement shall be construed in accordance with the laws of the State of Michigan.

17. _____

Broker

Associate

Exhibit 2

EMPLOYMENT ACKNOWLEDGMENT

The individual signing below acknowledges and agrees that he/she is an employee of the employer named below ONLY (check one only):

individual licensee: _____

Team entity: _____

Brokerage Firm: _____

By my signature below, I acknowledge that the employer named above shall be solely responsible for all wages, withholding, workers compensation, unemployment compensation, severance, and all other matters relating to my employment.

Signature of Employee

Print Name

Date

Exhibit 3

EMPLOYEE LEASING AGREEMENT

THIS EMPLOYEE LEASING AGREEMENT is by and between _____
Name of Brokerage Firm
_____ (“Real Estate Brokerage”) and _____
Name of Team Entity
(the “Lessee”).

I. SUPPLIED PERSONNEL

1.1 Lessee agrees to retain the services of Real Estate Brokerage to provide personnel (“Supplied Personnel”) to assist in the day-to-day operation of Lessee’s business, as Lessee shall direct from time-to-time. Lessee shall be solely responsible for all hiring and firing and shall determine the job description, hours and compensation for all Supplied Personnel.

1.2 This Agreement shall not create a joint venture, partnership or other joint business relationship.

II. ALLOCATION OF RESPONSIBILITIES

2.1 Real Estate Brokerage’s Responsibilities. Under this employee leasing relationship, Real Estate Brokerage shall be responsible for:

a. Timely payment of wages and related payroll taxes for the Supplied Personnel, as well as workers’ compensation and unemployment premiums;

b. Maintenance and retention of payroll and benefit records as they pertain to Supplied Personnel.

2.2 Lessee’s Responsibilities. Under this employee leasing relationship, Lessee shall be responsible for day-to-day supervision and control of work to be performed by Supplied Personnel.

III. TERM AND TERMINATION

3.1 Term. This Agreement shall commence on the date signed below and automatically renew for one (1) year periods unless terminated pursuant to Paragraph 3.2 below.

3.2 Termination. This Agreement may be terminated by either party without cause at any time upon _____ days prior written notice to the other party.

3.3 Survival. Termination of this Agreement shall not affect the rights and obligation of the parties arising prior to the effective date of such termination.

IV. PAYMENT

4.1 Fees. Lessee agrees to reimburse Real Estate Brokerage for all wages and related payroll taxes for the Supplied Personnel, as well as workers compensation and unemployment premiums, and all other expenses related to the employment of Supplied Personnel. In addition, Lessee shall pay Real Estate Brokerage a fee for its services hereunder equal to _____.

4.2 Invoices. Real Estate Brokerage will invoice Lessee (select one) _____ weekly _____ bi-weekly _____ monthly , and Lessee will pay Real Estate Brokerage within _____ days of receipt of invoice.

V. INDEMNIFICATION

5.1 Real Estate Brokerage's Indemnification of Lessee. Real Estate Brokerage agrees to indemnify and hold Lessee harmless from any and all claims to the extent arising from intentional or negligent acts or omissions of Real Estate Brokerage while performing its duties under this Agreement.

5.2 Lessee's Indemnification of Real Estate Brokerage. Lessee agrees to indemnify and hold Real Estate Broker harmless from any and all claims made against Real Estate Broker by any of the Supplied Personnel or by third parties relating to any work performed by Supplied Personnel.

5.3 Limitation of Liability. Notwithstanding any provision herein to the contrary, neither party shall be liable to the other for any incidental, consequential or special damages, or for any damages resulting from lost profits.

VI. MISCELLANEOUS

6.1 Entire Agreement. This Agreement constitutes the entire agreement between the parties with regard to this subject matter and no other agreement, statement, promise or practice between the parties relating to the subject matter shall be binding on the parties. This Agreement may be changed only by a written amendment signed by both parties.

6.2 Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan and venue shall be in the applicable court in Ingham County, Michigan.

6.3 Attorneys' Fees. In the event of any lawsuit or other proceeding to enforce the provisions of this Agreement, the prevailing party shall be entitled to an award of its costs and reasonable attorney's fees incurred at all levels of proceedings.

6.4 Notices. Any notice or demand given hereunder shall be accomplished by the personal delivery in writing (with written receipt) or by the other delivery with proof of delivery or attempted delivery to the address set forth herein for the other party, and shall be deemed

effective upon proof of attempted delivery (actual delivery to be made as soon as is practicable following attempted delivery).

6.5 No Third Party Rights. No rights of any third party are created by this Agreement and no person not a party to this Agreement may rely on any aspect of this Agreement notwithstanding any representation, written or oral, to the contrary.

6.6 Partial Invalidity. In the event that any provision contained in this Agreement is held to be unenforceable by a court of competent jurisdiction, the validity, legality, or enforceability of the remainder of this Agreement shall in no way be affected or impaired thereby.

Name of Real Estate Brokerage

Name of Team Entity

By: _____

By: _____

Its: _____

Its: _____

Dated: _____

Dated: _____

Exhibit 4

**TEAM ADDENDUM TO INDEPENDENT CONTRACTOR AGREEMENT
(Licensees Only)**

This Addendum is to an Independent Contractor Agreement (“Agreement”) dated _____ between licensee _____ (“Licensee”) and Brokerage Firm _____ (“Brokerage Firm”).

The parties hereto acknowledge that the Licensee is a member of the following Team: _____ (“Team Entity”) pursuant to a separate agreement between the Licensee and the Team Entity.

Licensee acknowledges and agrees that notwithstanding anything to the contrary in his/her agreement with the Team Entity, Licensee must honor all terms of the attached Agreement and any such rules and policies adopted by the Brokerage Firm from time to time. As required by law, Brokerage Firm shall retain supervisory responsibility over Licensee. Any earnest money deposit received by me shall be delivered directly to the Brokerage Firm in accordance with its company policies.

Select one:

- A. Notwithstanding anything contained in the Agreement to the contrary, any compensation owed to me by Brokerage Firm shall be paid to Team Entity until Brokerage Firm is otherwise notified by me in writing.
- B. Notwithstanding anything contained in the Agreement to the contrary, any compensation owed to me shall be distributed as directed by _____ on behalf of the Team Entity until the
Name of Team Leader
Brokerage Firm is otherwise notified by me in writing.
- C. Any compensation owed to me pursuant to the terms of the Agreement shall be paid directly to me.

Signature of Licensee

Signature on behalf of Brokerage Firm

Date: _____

Date: _____