



**ILLINOIS REALTORS®**  
**SPONSORING BROKER-SPONSORED LICENSEE CONTRACT**



THIS AGREEMENT made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_, hereinafter referred to as "Sponsoring Broker", and \_\_\_\_\_, hereinafter referred to as "Sponsored Licensee".

WITNESSETH:

WHEREAS, Sponsoring Broker is duly licensed and does engage in business as a real estate broker in the City of \_\_\_\_\_ State of Illinois;

WHEREAS, Sponsored Licensee is now duly licensed and does engage in business as a real estate sponsored licensee, and whereas, it is deemed to be to the mutual advantage of Sponsoring Broker and Sponsored Licensee to enter into this contract upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual covenants and promises herein contained and each act done pursuant hereto the undersigned hereby enter into the following agreement:

**1. Facilities and Sales Effort.**

- A. Sponsored Licensee agrees to proceed diligently, faithfully, loyally, legally and within his/her best efforts to sell, trade, lease or rent any and all real estate listed with Sponsoring Broker (except for any special listings which are exclusively placed by Sponsoring Broker with another sponsored licensee), to solicit additional listings and customers for Sponsoring Broker, and otherwise to promote the business of serving the public in real estate transactions to the end that each of the parties hereto may derive the greatest profit possible.
- B. Sponsoring Broker agrees for the convenience of Sponsored Licensee to provide desk space, clerical service and office facilities at the office of Sponsoring Broker presently maintained at \_\_\_\_\_, Illinois, and/or at such other places as Sponsoring Broker may from time to time utilize.
- C. Sponsoring Broker agrees to make available to the Sponsored Licensee all current listings of the office, except such as the Sponsoring Broker, for valid and usual business reasons, may place exclusively in the temporary possession of some other sponsored licensee, and agrees, upon request, to provide assistance and full cooperation to the sponsored licensee.

**2. Termination.**

- A. This agreement, and the relationship created hereby, may be terminated by either party hereto, with or without cause, at any time upon \_\_\_\_\_ ( ) days written notice given to the other; but the rights of the parties to any commissions which accrued prior to said notice shall not be divested by the termination of this agreement except as stipulated herein.
- B. Upon termination of this agreement, all negotiations commenced by Sponsored Licensee during the term of this agreement shall continue to be handled through Sponsoring Broker and with such assistance by Sponsored Licensee as is reasonable under all the circumstances. Sponsored Licensee shall be compensated according to the Commission Schedule referred to in paragraph 5, after deduction of all appropriate expenses.
- C. Sponsored Licensee, upon such termination, shall furnish Sponsoring Broker with a bona fide list of all prospects, leads and probable transactions developed by Sponsored Licensee, or upon which Sponsored Licensee shall have been engaged with respect to any transaction completed subsequent to termination of this agreement in which Sponsored Licensee has rendered assistance in accordance with this paragraph. Except as provided in subparagraph B above, Sponsored Licensee shall not be compensated in respect to any transaction completed subsequent to termination of this agreement unless agreed to in writing by Sponsoring Broker.
- D. Upon termination of this agreement, Sponsored Licensee further agrees not to furnish to any person, firm, company or corporation engaged in the real estate business any information as to Sponsoring Broker's clients, customers, properties, prices, terms of negotiations nor Sponsoring Broker's policies or relationships with clients and customers nor any other information concerning Sponsoring Broker and/or his/her business. Sponsored Licensee shall not, coincident with or after termination of this agreement, remove from the files or from the office of the Sponsoring Broker any maps, books and publications, card records, investor or prospect lists, or any other material, files or data, and it is expressly agreed that the aforementioned records and information are the property of Sponsoring Broker. Sponsored Licensee shall be entitled to copies of certain instruments pertaining to transactions in which Sponsored Licensee has a bona fide interest, and Sponsoring Broker shall not unreasonably withhold the same from Sponsored Licensee.

3. **Automobile.** It is agreed that Sponsored Licensee shall furnish his/her own automobile and pay all expenses thereof and that Sponsoring Broker shall have no responsibility therefore. Sponsored Licensee agrees to carry public liability insurance upon that automobile with minimum limits of \$ \_\_\_\_\_ for each person and \$ \_\_\_\_\_ for each accident and with property damage limit of \$ \_\_\_\_\_.

4. **Real Estate Licenses, Insurance and Dues.** Sponsored Licensee shall pay all of the cost of his/her own real estate license and his/her dues for membership in the National Association of REALTORS®, Illinois REALTORS® and the \_\_\_\_\_ Association of REALTORS® and any associations, membership organizations or trade associations to which Sponsored Licensee wishes to belong. Sponsored Licensee shall obtain and pay for errors and omissions insurance with a company and in an amount acceptable to Sponsoring Broker.

**5. Commissions.**

- A. The commissions and fees for services rendered in the sale, rental, trade or leasing of real estate shall be those stated in the Sponsoring Broker's policy manual or other similar written document and shall be payable to the Sponsoring Broker. In no event shall Sponsored Licensee charge less than the commission or fee established by the Sponsoring Broker without the prior consent of the Sponsoring Broker. If Sponsoring Broker shall have entered into a special contract or agreement pertaining to any particular transaction the Sponsoring Broker shall advise Sponsored Licensee of such special arrangement. Commissions, when earned and paid pursuant to this agreement, shall be divided between Sponsoring Broker and Sponsored Licensee as follows (choose appropriate option):
  - Option 1: \_\_\_\_\_% of the commission paid to the Sponsoring Broker, shall be paid to the Sponsored Licensee;
  - Option 2: According to the Sponsoring Broker's commission schedule as amended by Sponsoring Broker from time to time. Sponsoring Broker shall notify Sponsored Licensee of any change in said commission schedule; or

- Option 3: According to \_\_\_\_\_, which is a separate Addendum attached to this contract and which sets forth the commission agreement between Sponsoring Broker and Sponsored Licensee.
- B. In the event that two (2) or more sponsored licensees under contract with Sponsoring Broker participate in a transaction and claim a commission thereon, then and in that event the amount of the commissions allocable to each sponsored licensee shall be divided equally among the sponsored licensees or otherwise according to a written agreement among said sponsored licensees.
- C. In no case shall Sponsoring Broker be personally liable to Sponsored Licensee for any commission not collected, nor shall Sponsored Licensee be personally liable to Sponsoring Broker for any commission not collected. If commissions have been or are to be collected from the party or parties for whom the service was performed, it is agreed that such sums shall be deposited with the Sponsoring Broker and subsequently divided according to the terms of this agreement.
- D. The division and distribution of the earned commissions as provided herein, which may be paid to or collected by Sponsoring Broker, but from which Sponsored Licensee is due certain commissions, shall take place as soon as practicable after collection and receipt of such commissions. However, Sponsoring Broker is first entitled to reimbursement for any expenses incurred such as attorney's fees, revenue stamps, or other expenses incurred in the collection of the commission with respect to any transaction.
6. Supervision.
- A. Sponsored Licensee agrees to abide by the requirements and standards of Sponsoring Broker as set forth in Sponsoring Broker's Office Policy Manual.
- B. If Sponsored Licensee needs consultation in a transaction or situation, Sponsored Licensee agrees to seek the counsel of Sponsoring Broker or his/her designee.
7. Listings, Correspondence, Records and Forms.
- A. Sponsored Licensee agrees that any and all listings of property, and all actions taken in connection with the real estate business, shall be taken by Sponsored Licensee in the name of Sponsoring Broker. Such listings shall be filed with Sponsoring Broker within twenty-four (24) hours after receipt of same by Sponsored Licensee. All listings shall be and remain the separate and exclusive property of Sponsoring Broker unless otherwise agreed by the parties hereto.
- B. It is agreed by the parties hereto that all correspondence received, copies of all correspondence written, plats, listing information, memoranda, files, photographs, reports, legal opinions, accounting information, and any and all other instruments, documents or information of any nature whatsoever concerning transactions handled by Sponsoring Broker or by Sponsored Licensee, or jointly, are and shall remain the property of Sponsoring Broker, provided, however, that Sponsored Licensee is entitled to a copy of each upon reasonable request.
- C. The parties hereto shall mutually approve and agree upon all correspondence from the office of Sponsoring Broker pertaining to transactions being handled, in whole or in part, by Sponsored Licensee.
- D. The parties hereto agree that forms to be used by the Sponsored Licensee will be those provided or otherwise approved by the Sponsoring Broker.
- E. Sponsoring Broker shall have the right to review and approve all completed contracts and completed forms before they are presented to clients for signature.
8. Independent Contractor and Statutory Non-Employee.
- A. This agreement does not constitute a hiring by either party. The Sponsored Licensee is and shall remain an independent contractor and statutory non-employee bound by the provisions hereof. Operating as a statutory non-employee means that Sponsored Licensee holds a valid real estate license in Illinois, is operating under the terms of this written agreement, receives the substantial part of his/her income from commissions and is responsible for filing all appropriate tax returns and paying all appropriate taxes. This agreement shall not be construed as a partnership, and neither party hereto shall be liable for any obligation incurred by the other except as provided elsewhere herein. Sponsoring Broker shall not withhold from Sponsored Licensee's commission any amounts for withholding or employment taxes or any other items. Sponsored Licensee will not be treated as an employee for federal and state tax purposes and will be responsible for the payment of any and all federal or state taxes based upon commissions earned and received. Sponsoring Broker will not make any premium payments or contributions for any workmen's compensation or unemployment compensation for Sponsored Licensee.
- B. Sponsoring Broker agrees to serve as Sponsored Licensee's sponsor as required by the Illinois Real Estate License Act, as amended, 225 ILCS 454/10-20 (a).
9. Default and Hold Harmless. The parties hereto mutually agree that if either party shall be in default of or breach any of the terms and conditions of this Contract and such default or breach shall result in any loss or damage to the other party, then and in that event, the defaulting party hereby agrees to pay to the other party any such loss or damage and further agrees to hold the other party harmless from any claim, demand, cause of action, or lawsuit which may result from or be caused by such breach of this Contract.
10. Ethics, Laws, and Trade Organizations.
- A. Sponsored Licensee and Sponsoring Broker each agree to conduct his/her business and regulate his/her habits and working hours so as to maintain and to increase the good will, business, profits and reputation of Sponsoring Broker and Sponsored Licensee, and the parties agree to conform to and abide by all laws, rules and regulations applicable to real estate brokers and real estate sponsored licensees. Specifically, Sponsored Licensee and Sponsoring Broker shall be governed by the Code of Ethics of the National Association of REALTORS®, the Real Estate License Act of the State of Illinois, the constitution and bylaws of the local real estate association, the rules and regulations of any multiple listing service with which Sponsoring Broker now and in the future may be affiliated, and any further modifications or additions to the foregoing.
- B. Sponsored Licensee acknowledges Sponsoring Broker's commitment and support for all local state, federal fair housing and antitrust laws and further understands the Sponsoring Broker expects Sponsored Licensee to be knowledgeable concerning these laws and to conduct his/her business practices accordingly.
11. Litigation and Controversies.
- A. In the event that Sponsored Licensee does not wish to enter into the following actions jointly with Sponsoring Broker, the Sponsored Licensee hereby grants to Sponsoring Broker the power of attorney in his/her name, place and stead to institute an action in a court of competent jurisdiction concerning commissions or other matters related to the conduct of such real estate business of Sponsoring Broker and Sponsored Licensee as have been pursued by the parties under this Agreement; to conduct the same to a final decision; to negotiate

settlements; to defend actions, suits or proceedings pertaining to said real estate business; to employ counsel and to settle or pursue matters to a final conclusion in such manner and upon such terms as to Sponsoring Broker may seem expedient or desirable.

- B. In the event any transaction in which Sponsored Licensee is involved results in a dispute, litigation or legal expense, Sponsored Licensee shall cooperate fully with Sponsoring Broker. It is the policy to avoid litigation whenever possible, and Sponsoring Broker, within his/her discretion may determine whether or not any litigation or dispute shall be prosecuted, defended, compromised or settled, and the terms and conditions of any compromise or settlement, or whether or not legal expense shall be incurred; provided, however, that no compromise or settlement involving the payment of money or anything of value by Sponsored Licensee, or the foregoing of any commission not challenged or subject to dispute or portion thereof due Sponsored Licensee, shall be accepted by Sponsoring Broker without the written consent of Sponsored Licensee.
  - C. Sponsored Licensee shall notify Sponsoring Broker of any transaction in which Sponsored Licensee is involved which Sponsored Licensee has reason to believe may result in litigation or arbitration involving the Sponsoring Broker.
12. Expenses. Sponsoring Broker shall not be liable to Sponsored Licensee for any expenses incurred by Sponsored Licensee or for any of his/her acts, nor shall Sponsored Licensee be liable to Sponsoring Broker for Sponsoring Broker's office help or expenses or any of Sponsoring Broker's acts, other than as specifically provided for herein.
13. Miscellaneous.
- A. Heirs, Successors and Assigns. This agreement shall be binding upon and the benefits shall inure to the heirs, successors and assigns of the parties hereto.
  - B. Notices. All notices provided for under this agreement shall be in writing and shall be sufficient if sent by certified mail to the last known address of the party.
  - C. Governing Law. This agreement shall be governed by the laws of the State of Illinois.
  - D. Assignment. This assignment is personal to the parties hereto and may not be assigned, sold or otherwise conveyed by either of them.
  - E. Waiver. The failure of any party hereto to enforce at any time any of the provisions or terms of this agreement shall not be construed to be a waiver of such provision or term, nor the right of any party thereafter to enforce such term or provision.
  - F. Entire Agreement. This agreement constitutes the entire agreement between the Sponsoring Broker and Sponsored Licensee and there are no agreements or understandings concerning such agreement which are not fully set forth herein.
  - G. Severability. If any provision of this agreement is invalid or unenforceable in any jurisdiction, the other provisions herein shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to effectuate the purpose and intent of this agreement, and the invalidity or unenforceability of any provision of this agreement in any jurisdiction shall not affect the durability or enforceability of such provision in any other jurisdiction.

\*WITNESS the signature of the parties hereto on the day and year first above written in duplicate.

SPONSORING BROKER

SPONSORED LICENSEE

\_\_\_\_\_

\_\_\_\_\_

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

Capacity \_\_\_\_\_

\*Original signature required on each copy