

Use of Independent Contractor Agreements Urged

Disputes between brokers and salespeople about issues such as commission payments and non-compete agreements can be resolved easily if a written independent contractor agreement is in place, says Connecticut Association of REALTORS® General Counsel Eugene Marconi.

Recent inquiries from salespeople about such issues to the association's Legal Information Hotline prompted Marconi to issue a reminder to members about independent contractor agreements.

"It's foolish for a broker or a salesperson to operate without a written independent contractor agreement," he said in a recent issue of *Landlaw*, a member newsletter. "With a few limited exceptions, the broker-salesperson relationship is determined by the provisions of the written independent contractor agreement."

The provisions of the agreement are negotiable, but should include two key items, he said. First, they should specify how the salesperson's compensation is to be calculated and what duties the salesperson must perform to receive compensation. "Too often these items are very vague," he says.

Second, the contract should detail what happens if the salesperson leaves the company, voluntarily or involuntarily. Among the questions that should be answered: How will that affect the salesperson's compensation? Who will take over servicing that person's listings? Do the listings stay with the brokerage? What about any buyer representation agreements? Will the buyer follow the salesperson or stay with the brokerage? If the brokerage retains the relationships, how will compensation be provided to the new salesperson handling these agreements?

Marconi said that any salesperson who is asked to sign an independent contractor agreement should carefully review each and every provision and obtain legal advice if he or she has any questions about the terms of the agreement.

— *By Michele Lerner for REALTOR® Magazine Online*