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# TEAM TOOLKIT

APPROACHING TEAMS FROM THE BROKER AND TEAM LEADER PERSPECTIVE



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## **Forward**

Much has been written about the proliferation of Teams in real estate. As a business model, real estate Teams can be a winning concept for Brokers, Team leaders and Team members. Teams, by name, are not licensed in Arizona but the Arizona Department of Real Estate (ADRE) requires all real estate licensees, Team member or otherwise, to be employed by a Designated Broker. Therefore, all Team leaders, Team members or individual licensees must operate under the direct supervision of a duly licensed Broker.

The intent of this document is to provide the Arizona REALTORS® (Association) Broker member with supervisory information and considerations for employing a Team within their office. It further serves those Association members who are considering forming, managing, or becoming a member of a Team.

Information contained in this document discusses issues Brokers should consider when deciding whether to accommodate Teams within the Brokerage, as well as statutory and business model considerations such as office space and human resources. Also contained in this document is valuable information for Team leaders and Team members to assist them in their pursuit of a successful and mutually advantageous business model.

Nothing in this document is to be construed as legal advice. On the contrary, you are strongly encouraged to obtain specific legal advice from an independent attorney, accountant, Arizona Department of Real Estate (ADRE) representative, and other third-party professionals before employing Teams, formulating a Team, or accepting a position as a Team member.

## SECTION I

**Brokerage Consideration:** Thoughtful consideration should be given to a variety of conditions and circumstances before a Broker determines an office model and decides whether a Team concept would be physically, financially, and generally feasible. The following topics may assist in that determination.

### **Consider: Office culture/environment**

**Assess:** Does the existing office model of solo agents lend itself to a Team concept?

**Determine:** Would the insertion of a Team benefit the overall business model or cause conflict within the office? A Broker might ask themselves, are my individual agents and staff flexible enough to handle changes that might come with a Team model? The addition of a Team within the Brokerage may create a more competitive environment, meaning that current methods of communication and recognition may have to change.

Solo agents may not welcome a Team competing within the same office. Team integration into an existing environment can cause initial disruption or loss of personnel. It may therefore take additional preparation and communication to ensure an effective integration.

Policies may need to be set governing whether independent agents within the office can be recruited as Team members. Generally, each Team should be responsible for recruiting its own agents and staff from *outside* of the company.

### **Consider: Space**

**Assess:** Are the following factors conducive to the accommodation of teams: size of office; parking; number of desks/offices; equipment & technology; and human resources.

**Determine:** Consider the size of a Team or Teams, and the number of licensees and administrative staff within each Team that the existing infrastructure would need to accommodate. Will increased space be necessary to support growth related to a Team or Teams?

Is your office space sufficient to house an additional number of agents? Does your current location provide sufficient parking for additional agents and ancillary Team members, as well as clients? Will you need to increase the infrastructure of the office? What about private offices, desks, phones, equipment and technology along with human resources?

One such assessment might begin with an estimation of costs by determining the additional number of Teams or members being accommodated. Remember to include the cost of any additional office staff necessary to support the increased activity. Then, compare the estimated increase in revenue with the estimated costs that will be incurred in accommodating Teams.

### **Consider: The Designated Broker as a human resource**

**Assess:** An increase in agents equates to an increase in the Designated Broker's administrative responsibilities.

**Determine:** Will it be necessary to hire additional personnel to assist the Designated Broker? Is it more practical to hire a managing broker, perhaps a contract reviewer, and/or hire additional administrative personnel? Could advanced technology, solely or in combination with the need to hire additional personnel, be an answer?

### **Consider: Supervisory Responsibilities**

**Assess:** An increase in agents equates to an increase in the Designated Broker's supervisory responsibilities as imposed under Arizona law.

**Determine:** Can the Designated Broker satisfactorily supervise all Team members? Designated Broker supervision is required regardless of housing solo agents or Teams. Nonetheless, Brokers may struggle to effectively supervise Team members should the Team member choose to consult with the Team leader as opposed to the Designated Broker. Additionally, the Team leader may try to assume the responsibilities of the Designated Broker, even though the Broker's supervisory responsibilities are not assignable under Arizona law.

Supervisory responsibilities are defined in the Arizona Administrative Code and Arizona Revised Statutes, include, but are not limited to:

- Payment of Compensation to Licensees
- Compensation Agreement for Team leader/members
- Escrow Accounts/Broker Trust Accounts
- Property Management
- Real Estate Employment Agreements
- Team Agreements
- Employee Records/Withholding/Payroll/Insurance
- Unlicensed Assistants
- Brokerage Policy/Procedures
- Independent Contractor Agreement

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## **Broker Supervision and Control; [A.A.C. R4-28-1103](#)**

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Additional questions that must be answered regarding the role of the Designated Broker are whether new Team members will be required to interview with the Designated Broker and be approved by the Designated Broker before being hired by the Team leader. Will the Designated Broker be able to sever a Team member over the objection of the Team leader?

### **Consider: Training/Mentoring/Coaching**

**Assess:** Who will be responsible for training, mentoring, and coaching the Team leader and Team members?

**Determine:** What services will be provided?

Who will coach, mentor and train new Team members? What role will the Designated Broker play and what role will the Team leader play?

### **Consider: Finances**

**Assess:** Will the addition of Teams within the Brokerage prove financially beneficial?

**Determine:** Will the profits to the Brokerage generated by the addition of Teams exceed the increased overhead? A thorough accounting should be undertaken. The Broker should also: (1) determine how much revenue the Team needs to generate in order to make the arrangement mutually beneficial; and (2) ensure that the Team has a business plan in place to generate that level of revenue. Keep in mind that a Team can indirectly generate additional revenue by way of increased visibility of the Brokerage.

The Broker should additionally consider the potential strength of the Team and avoid a scenario in which the Broker's financial success relies too heavily on the success of the Team. Should that occur, the Broker becomes subservient to the Team potentially resulting in the Broker paying higher commissions and a larger share of expenses. The Broker should also avoid business models that, although beneficial to the Team, are not beneficial to the Broker.

## SECTION II

### TEAMS – Brokerage



**Team Definition:** Any one licensee, assisted by one or more licensees, all of whom are affiliated with the same Brokerage and performing services for which a real estate license is required. A group of people who work together for the benefit of the collective.

**Team Types:**

- 1) A Designated Broker who is also identified as a Team leader. Licensees hired by the Broker would function as the Broker’s Team members;
  - 2) Real estate licensees who are family members; husband and wife and/or additional family members, who collectively identify as a Team;
  - 3) A licensee who is identified as the Team leader and gathers other licensees, employed by the same Broker, to function collectively as a Team; and
  - 4) Two or more licensees who divide the responsibilities and do not designate a Team leader.
- OR – Any combination of the above.

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**Arizona Department of Real Estate Substantive Policy Statement;  
Requirements for Team [SPS No.2022.02](#)**

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## **Broker/Team Agreement or Affiliation Agreement (“Agreement”)**

### **Definition:**

A written contract between the Designated Broker and Team/Team leader, created to set forth the specific relationship between the parties.

An Agreement or Policy *may* include, but is not limited to, any of the following provisions:

Defined office policies and procedures for Teams as an attachment to the Agreement or referenced specifically within office policies and procedures, acknowledged by licensees comprising a Team, e.g., Team leader and Team members.

The Broker’s right to enforce office policies and procedures.

The licensee’s obligation to follow policies and procedures.

**Agreement Term:** The contractual date for the inception and termination of an Agreement. For example, the Agreement is for a period of one year and will end unless renewed or modified, possibly with or without a specified renewal or termination notification, to become an ongoing Agreement through the next contractual period. The Agreement may include a 30-day (or other) advance written notice of cancellation by either party.

An Agreement should address the Broker’s ability to sever the Team leader and Team members, and outline what happens should that occur. Licensee severances are at the discretion of the Broker.

Reasons for termination of the Agreement could include: (1) violation of the Agreement; (2) expiration of the Agreement; (3) violation of office policies and procedures; (4) unlawful, dishonest, fraudulent, deceitful action and/or moral turpitude; (5) action that adversely affects the Brokerage’s reputation, etc.; (6) failure to pay fees, dues or any monies payable under the Agreement or as set forth in office policies and procedures.

### **Specific Broker and Licensee(s) Legal and Regulatory Responsibilities:<sup>1</sup>**

Responsibilities include the Broker’s duty to supervise and control licensees, including the Team leader and Team members.

A licensee’s obligation is to be lawful in their actions and follow the National Association of REALTORS® Code of Ethics.

**Independent Contractor Agreement and Status<sup>2</sup>:** The Broker is to provide an Independent Contractor Agreement (ICA)<sup>3</sup>. The ICA defines the relationship between

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<sup>1</sup> See ADRE regulations [ADRE Website](#), [ADRE Law Book](#) and [Audit FAQ's](#)

<sup>2</sup> See NAR Independent Contractor Key Provisions: [Independent Contractor - Key Provisions](#)

<sup>3</sup> See AAR Common Provisions for Independent Contractor Agreements: [Independent Contractor Common Provisions](#)

the brokerage and Team leader and may also address compensation and the expectations of the Broker. The licensee signs and acknowledges the ICA and the Brokerage/Team leader Agreement, which then becomes the agreement of record in the licensee's office file.

**Compensation Agreement:** All commissions are paid to the Brokerage for each transaction closed. The Broker distributes commissions to the Team leader and members of the Team, as described in the commission schedule (Agreement) in the office file. Occasionally, compensation is outlined in the ICA. The commission could be less any payments owed to the Brokerage by the Team leader and/or Team members that are outstanding, due and payable. [A.R.S. §32-2155](#).

**Team leader compensating team members:** With the Designated Broker's permission, compensation may also be payable from a licensee such as a Team leader to a W-2 employee of the team who is also licensed under the same Designated Broker as specified in Arizona Revised Statutes [§32-2155\(A\)\(2\)](#).

**Unlicensed Assistants:** An office may establish a policy with regard to unlicensed assistants. The policy could either allow for a Team leader to employ or not employ unlicensed assistants. If a Team leader does employ unlicensed assistants, it must be pursuant to the rules and regulations for unlicensed assistant participation as set forth below in ADRE's Substantive Policy 2017.01:

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**Arizona Department of Real Estate Substantive Policy  
Statement; [SPS No. 2022.03](#) Unlicensed Assistants**

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All Federal and State employee regulations must be complied with.

The office or Team leader must provide workmen's compensation insurance to employees. If the Team leader is responsible for providing and paying unlicensed assistant's workmen's compensation, they must provide proof of insurance (and payment) to the Brokerage. If the Brokerage elects to provide and pay for the unlicensed assistant's workmen's compensation, the Brokerage may invoice the Team leader/Team, for the cost of insurance.

For payroll withholding and reporting issues, if it is the responsibility of the Team leader or the Team as a whole, they may hire payroll services from an outside vendor and provide records weekly or monthly to the Broker as agreed upon and as proof that this obligation is met.



Otherwise, the Broker may employ a non-licensed individual for the benefit of the Team leader or Team and the unlicensed assistant could become an office employee, exclusively for the benefit of the Team. In this scenario, the office invoices all costs of the exclusive employee to the Team leader/Team. Said costs for any agreed upon staff that are attributable to the Team leader/Team, will be set forth in the compensation agreement between the Broker and the Team leader/Team.

**Listing/Selling Awards:** A Brokerage comprised of both Teams and individual licensees should consider how to award/credit a Team versus individual agents. Franchise Brokerages may offer a model for each licensee group for awards.

**Conflicts and Disputes:** A Brokerage should prepare for the possibility of disputes in conjunction with any agent model; Teams or individual agents. Dispute resolution methods can be defined in office policy and procedures. With regard to Teams, internal disputes may be left to the discretion of the Team leader. If left to the Team leader, the Broker may choose to define at what point the Broker would need to be notified of a dispute and/or the resolution of the dispute. A Team leader may be able to remove a Team member, but only the Broker should have the ability to sever a licensee. Another possibility for dispute resolution is for the Broker to act as a mediator, meeting with the parties involved and helping them orchestrate a resolution.

Alternatively, voluntary mediation is available through the Arizona REALTORS®.

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**Mediation is a form of negotiation. Mediations are meetings wherein the parties are afforded latitude in arriving at a mutually acceptable outcome. Participation in mediation by individual REALTORS® within the same office is completely voluntary unless mandated by the ICA or office policy.**

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If the dispute is related to compensation, the Broker may establish the right to arbitrate the dispute. The Broker's decision would be final and enforceable to the full extent of Arizona law. If the Broker chooses to arbitrate the dispute, they should first consider the consequences of upsetting the Team leader or Team member should they receive an adverse decision. Alternatively, the Broker may require mandatory arbitration with a mutually agreed upon third-party arbitrator.

**Exit Strategy:** Hope for the best and prepare for the worst is a good motto. It is prudent to create a policy within the Team Agreement addressing the disposition of listings should the Team dissolve or leave the Brokerage. The policy should specify who keeps the clients and current listings and how commissions will be split on pending transactions. There should be a written and agreed upon Broker policy which refers the parties to the applicable compensation agreement.

The policy should also cover referrals and leads that either remain with the Brokerage or go with the departing Team. Again, the office policy/procedures and Broker compensation agreement should reference such possibilities.

If it is determined that clients and databases will not remain with the Brokerage, the Team Agreement should specify whether they remain with the Team leader or are given to Team members.

A necessary component of the Team Agreement may include confidentiality and privacy policies pertaining to trade secrets and other proprietary items.

**Modifications and Changes to the Team Agreement:** Any changes must be mutually agreed upon by the Designated Broker and Team leader. All modifications and changes must be in writing and signed by both parties.

**Change in License Status:** If a Team leader's license is severed by the Broker or suspended or revoked by the Arizona Department of Real Estate, the Team Agreement terminates and is no longer valid.

**Unilateral Termination of the Team Agreement:** The parties may agree upon a model whereby the Broker or Team leader can unilaterally terminate the Team Agreement with or without cause. The termination must be in writing and delivered to the other party. Termination will be immediate or upon a set number of days. In the event a Team leader is terminated, or their real estate license is suspended or revoked, the Team may no longer represent themselves as a Team. The Team agrees to immediately cease using Team branding, branded materials, signs, cards, letterhead, etc. including any logos or intellectual property identifying the Team.

## SECTION III



### **TEAMS - Team Leader/Team Member**

**Team Definition:** Any one licensee, assisted by one or more licensees, all of whom are affiliated with the same Brokerage and performing services for which a real estate license is required. A group of people who work together for the benefit of the collective.

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Arizona Department of Real Estate Substantive Policy Statement;  
Requirements for Teams [SPS No. 2022.02](#).

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#### **Team Types:**

- 1) A Designated Broker who is also identified as a Team leader. Licensees hired by the Broker would function as the Broker's Team members;
- 2) Real estate licensees who are family members; husband and wife and/or additional family members, who collectively identify as a Team;

- 3) A licensee who is identified as the Team leader and gathers other licensees, employed by the same Broker, to function collectively as a Team; and
  - 4) Two or more licensees who divide the responsibilities and do not designate a Team leader.
- OR- Any combination of the above.

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**Arizona Department of Real Estate Commissioner Louis Dettorre says that Licensees must never create the impression that the Team is an independent entity separate from the Employing Broker.**

**See [A.A.C. R4-28-502](#); [A.R.S. § 32-2153\(A\)\(4\)\(8\)](#).  
The same advertising rules that apply to individual licensees apply to teams. All advertising must clearly and prominently display the employing broker's legal name or the DBA name contained on the employing broker's license certificate.**

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### **Team Leader/Team Member Agreement**

**Definition:** A written document between the Team leader and Team members, created to set forth the specific relationship and responsibilities of the parties. The Team agreement *may* include, but may not be limited to, the following topics.

- Team Name: The Team may use the Team leader's personal name, such as, the *ABCXYZ Team* or the Team may be identified by a generic name, such as, *The Luxury Sales Team*. The name of the team should not include terms such as "Realty" or "Associates."

#### **The Parties:**

- Team Leader: The Team leader is an individual licensee who may function as the manager for the Team.
- Team Members: Individual real estate licensees who comprise the Team by becoming Team members.

#### **Responsibilities:**

##### **Team Leader**

- The Team leader generally assumes responsibility for creating rules, assigning tasks, training, goal setting, expense accounting, commission structure, and holding Team members accountable for production, unless the duties are otherwise distributed.

However, unless the Team member is a W-2 employee of the Team leader, the Team leader should be careful not to exercise such a high level of control that they jeopardize the Team members' status as an independent contractor.

### **Team Members:**

- Specific duties may be assigned to Team members that could consist of: prospecting or lead generation, listings, open houses, showing appointments, buyer's agent, seller's agent, advertising, transaction coordinator, property management, etc.
- Without conflicting with any agreement between the Team member and the Broker, the Team Agreement may address the Team member's compensation.
- The Agreement should explain what happens when an individual Team member voluntarily or involuntarily leaves the team. Is the departing Team member entitled to take with them pending listings or client databases?
- The Agreement should identify the relationship between the Team leader and the Team member as either an independent contractor licensee, or W-2 employee of the Team leader. The Agreement should not exert a high level of control over the Team member so as to place the Team member's independent contractor status in jeopardy unless the Team member is identified as a licensee, W-2 employee of the Team leader.

### **Team Accountability:**

- Team members may be held accountable to the collective for lack of performance. When a Team member does not perform, they let the Team down and may be held accountable by the Team for their actions or inactions.

**Broker/Team Leader Agreement** see: Exhibit A, Pages 15-18

**Sample Team Agreement** see: Exhibit B, Pages 19-22

**Sample Consumer Information Form** see: Exhibit C, Page 23

**AAR Resources:**

Advertising Rules:

<https://www.aaronline.com/2022/03/02/real-estate-advertising-rules-guidance-2/>

Broker Resources:

[Broker Education Programs & Resources | Arizona Association of REALTORS® \(aaronline.com\)](#)

Real Estate Teams FAQs:

[Real Estate Teams FAQs | Arizona Association of REALTORS® \(aaronline.com\)](#)

Join a Team or Go Solo – Some Pros & Cons:

[Should New Agents Join a Team or Go Solo? \(Nar. Realtor\)](#)

Using DISC Profiles for Real Estate Teams: [Using DISC Profiles for Real Estate Teams - Arizona REALTOR® Voice · Arizona REALTOR® Voice \(aaronline.com\)](#)

**Independent Contractor Resources:**

National Association of REALTORS®:

[Key Provisions for Independent Contractor Agreements](#)

[Independent Contractor Status Frequently Asked Questions \(nar.realtor\)](#)

[Window to the Law: Worker Classification Update \(nar.realtor\)](#)

[Ten Ways to Successfully Manage Your Independent Contractor Relationships \(nar.realtor\)](#)

Outside resources include:

- IRS: [Independent Contractor \(Self-Employed\) or Employee? | Internal Revenue Service \(irs.gov\)](#)
- [Arizona Government -Labor Department](#)

## **ADRE Advertising Rules:**

Real Estate Advertising Rules & Guidance:

<https://azre.gov/news/real-estate-advertising-rules-guidance>

Advertising by a Licensee:

[AAC R4-28-502 Advertising-by-a-Licensee.pdf \(aaronline.com\)](#)

## **NAR Resources:**

How Successful Teams Make it Work:

<https://www.nar.realtor/magazine/broker-news/how-successful-teams-make-it-work>

Team Certifications & Designations: [Certified Real Estate Team Specialist \(C-RETS\)](#)

## Exhibit - A

### Broker – Team Leader Agreement Provisions

**This document is for informational purposes only.**

**This is not a contract and should not be used as a contract or as an addendum to a contract.**

**USE THE BELOW INFORMATION ONLY AFTER HAVING CONSULTED INSURANCE, LEGAL, TAX, AND ACCOUNTING PROFESSIONALS.**

Teams are becoming common-place and may require a separate written agreement between the Broker and Team Leader depending on the Brokerage/Team's business model. The below provisions, which are not all-inclusive, are intended to assist Brokers and Team Leaders craft an agreement that will document the nature of their relationship. These provisions should not be a substitute for the retention of independent legal counsel. Brokers and licensees desiring to use a Team model are strongly encouraged to seek the advice of an attorney.

**Parties:** Any agreement should identify the name of the parties to the contract. For example:

This is an Addendum to the Independent Contractor Agreement ("ICA") dated _____ between the following parties: MO/DA/YR
BROKER: _____
TEAM LEADER ("TL"): _____

**Purpose:** Identify the intent of the agreement. This provision should address the parties' relationship and provide an understanding of how that relationship affects the parties' rights and obligations to the Brokerage.

The parties acknowledge that Team Leader ("TL") is using the following Team Name: _____ ("Team") and that TL will enter into agreements with individual licensees affiliated with Broker who will serve as Team members. TL acknowledges and agrees that TL must honor all terms of his/her ICA and any such rules and policies as may be adopted from time to time by Broker. As required by law, Broker shall retain supervisory responsibility over TL and Team members.
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**Term:** Provide the start date and length of the agreement. Further discuss how and when the parties have the ability to terminate the agreement and under what circumstances. For example, can the agreement be terminated at any time without cause? Alternatively, can the agreement only be terminated at the end of the Term, provided that the proper advance notice is given? One or more of the following provisions may be appropriate.

This Agreement shall commence on the _____ day of _____, ("Commencement Date") and shall end on the _____ day of _____, ("Termination Date").
<u>Termination at End of Term:</u> This Agreement shall renew automatically for a period of one (1) year unless: (i) cancelled in writing sixty (60) days prior to a renewal date; or (ii) otherwise terminated in a manner allowed herein.
- OR -
<u>Unilateral Termination of Broker-Team Leader Agreement:</u> This Agreement may be terminated by either party at any time, with or without cause, by delivering written notice to the other party. Termination shall take place upon the receiving party's receipt of the written notice to terminate.
-OR-
<u>Termination for Cause:</u> Broker may terminate this Agreement at any time for cause. Cause includes, but is not limited to, violation of office policies and procedures, TL's conduct (i.e., unlawful, dishonest, fraudulent, or deceitful), moral turpitude, actions having an adverse effect on Company's reputation, TL's failure to pay fees or dues as set forth in their ICA, or a breach minor or otherwise of this Agreement or their ICA.



**Expense Structure/Brokerage Costs:** Provide a breakdown of expenses, how the expenses will be paid and when payment, if any, for the expenses is due.

TL is required to submit to Broker payment in the amount of \$\_\_\_\_\_ every  month  year on \_\_\_\_\_ to cover Brokerage costs. These costs include the following:

- Office/desk space
- Advertising
- Office fees – copies, supplies, technology, office staff, franchise fees, E&O
- Other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Responsibilities:** Identify the responsibilities of TL as it pertains to leadership of the Team.

TL currently operates or intends to operate a Team of licensed real estate agents. These Team members have or will have their real estate licenses affiliated with Broker. With regard to the Team, TL agrees to the following:

1. All prospective Team members must be interviewed by Broker who shall have the right to reject any prospective member.
2. Before joining the Team, each member must execute the approved “Team Leader-Team Member Agreement,” which shall be submitted to Broker for approval prior to the Team member’s start date.
3. After formation of the Team, without the Broker’s written consent, TL may not recruit or add a Team member who is currently affiliated with Broker or working on another team at the Brokerage.
4. TL will provide leads to Team. Leads are split amongst Team  equally  by seniority  by performance  other \_\_\_\_\_
5. TL will provide the following support services to the Team:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Commission Structure:** The type of commission structure may vary depending on the type of Brokerage and what the Broker offers in return to the TL. Brokers that offer benefits such as office/desk space, advertising, classes, etc. may have a higher commission split. Whereas Brokers that offer fewer services may have a lower commission split.

Broker and TL agree to a commission split on each successfully closed transaction of \_\_\_\_\_% to Broker and \_\_\_\_\_% to TL. If additional licensed agents serve on the Team, Broker will pay each of those licensees pursuant to the terms of the Team Leader-Team Member Agreement. If a closing falls out of escrow and Broker receives all or a portion of the Earnest Money, Broker shall pay TL and/or licensed Team member that licensee’s portion of the Earnest Money.

**Unlicensed Assistants:** Per Commissioner’s Substantive Policy Statement 2017.01, unlicensed assistants are limited as to duties they are allowed to perform. This section should discuss whether TL is permitted to utilize unlicensed assistant(s) and, if so, whether the unlicensed assistant(s) will be hired and compensated by the Broker or the TL.

TL is aware that unlicensed assistants are not allowed to perform any real estate related activities for which a real estate license is required. The scope of their duties is specifically outlined in Commissioner’s Substantive Policy Statement 2017.01. Broker and TL agree to the following:

1. TL  will  will not utilize the services of an unlicensed assistant(s). (Skip #2 if box titled “will not” is marked.)

2. TL  is  is not responsible for hiring, supervising, and compensating unlicensed assistants. If TL is responsible for hiring, supervising and compensating unlicensed assistants, TL agrees to assume all liability for payment of any employment taxes, any required deductions from assistant's pay, workers' compensation insurance if any, liability insurance, if any, unemployment compensation if any, benefits or other costs, fees connected with agent's employment of, or association with, unlicensed assistants. TL further assumes sole responsibility for preparation and issuance of all forms reflecting income paid to unlicensed assistant).

**Severance/Suspension/Revocation:** Determine what happens in the event that the TL is severed, terminated, or action is taken against their real estate license. For example, what happens to the files, listings, properties in escrow, etc.? Possible issues to address include:

**TL's License:** In the event TL's license is severed by Broker or revoked or suspended by the Arizona Department of Real Estate, this Agreement shall terminate upon the date of the TL's license severance, suspension or revocation as indicated on [www.azre.gov](http://www.azre.gov).

**Affiliation:** Upon severance, suspension or revocation, TL agrees to cease representing themselves and their Team as affiliated with the Brokerage, and agrees to immediately cease using, or remove, all materials, internet sites, business cards, yard signs and other signage, presentation materials, advertising, voicemail, etc. containing the branding, logo or intellectual property of the Brokerage.

**Team Member(s):** Broker maintains its right to sever TL's team member(s) at any time and require termination of TL's unlicensed assistants, if any.

**Properties in Escrow:** Following severance, revocation or suspension of TL's license, and upon close of escrow of transactions pending at the time of severance, revocation or suspension, Broker and TL shall be paid their respective portion of the commission received by Broker in accordance with the terms of this Agreement, the TL's Fee Schedule, and the ICA.

**Listings:** The parties agree that all listings originating from TL shall be in the possession of  Broker  Team's new Broker following TL's severance, unless otherwise indicated in a separate writing signed by both TL and Broker. Request for the release of non-team originated listings shall be handled according to the Broker's Policy Manual.

**Buyer Broker Employment Agreements:** Following severance, suspension or revocation of TL's license, all Buyer Broker Employment Agreements are to remain the possession of  Team  Broker. Whichever party retains possession, the other party shall be paid a referral fee in the amount of \_\_\_\_\_% within \_\_\_\_\_ days after a successfully closed transaction.

**Fees owed:** If any fees are owed to Broker at the time of severance, suspension or revocation of TL's license, TL shall pay those fees to Broker within \_\_\_\_\_ days.

**Modifications/Changes:** Discuss how modifications/changes to this Agreement should be addressed.

Any and all modifications/changes to this Agreement must be in writing and signed by both parties.

**Dispute Resolution:** The parties should agree on the dispute resolution methods for potential conflicts.

The parties agree to mediate any dispute or claim arising out of or relating to this Agreement. All mediation costs shall be paid equally by the parties. In the event that mediation does not resolve all disputes or claims, the unresolved disputes or claims shall be:

- Submitted for binding arbitration with an agreed upon third-party arbitrator
- Submitted for binding arbitration with the Arizona REALTORS® if the dispute involves entitlement to a commission or compensation
- Other: \_\_\_\_\_

**Indemnification:** Broker may want to include verbiage wherein TL indemnifies Broker. Provisions to consider include:

1. TL shall indemnify and hold Broker harmless from all losses and damage, including costs and attorney fees, which Broker incurs or becomes liable for resulting from any excluded claim or for breach of this Agreement, TL's ICA, or Broker's Policy Manual.
2. TL 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. TL understands that TL must obtain assignments from the authors of any portions of the listing content, including seller(s), as necessary for TL to assign the listing content to Broker and to otherwise make full use of the listing content under this Agreement. If TL fails to do so, TL will assume and reimburse Broker for the cost of defending Broker against infringement claims and paying damages on any such claims.

**Other terms and conditions:** Include any other items of importance (e.g. listing/sale/awards credit).

**Signature:** Place signature lines at the end of the agreement for Broker and Team Leader/Licensee. For example:

The undersigned agrees to the additional terms and conditions and acknowledge receipt of a copy hereof.			
_____		_____	
^ BROKER'S SIGNATURE	MO/DA/YR		
_____		_____	
^ Team Leader/Licensee's SIGNATURE	MO/DA/YR	^ Team Leader/Licensee's SIGNATURE	MO/DA/YR

## Team Leader – Team Member Agreement Provisions

**This document is for informational purposes only.**

**This is not a contract and should not be used as a contract or as an addendum to a contract.**

**USE THE BELOW INFORMATION ONLY AFTER HAVING CONSULTED INSURANCE, LEGAL, TAX, AND ACCOUNTING PROFESSIONALS.**

Teams are becoming common-place and may require a separate written agreement between the Team Leader and Team Members depending on requirements imposed by their Broker and the Team’s business model. The below provisions, which are not all-inclusive, are intended to assist Team Leaders and Team Members craft an agreement that will document the nature of their relationship. These provisions should not be a substitute for independent legal counsel. Team Leaders and Team Members are strongly encouraged to seek the advice of an attorney.

**Parties:** Any agreement should identify the name of the parties to the contract. For example:

This Agreement, dated _____, is between the following parties: MO/DA/YR
TEAM LEADER (“TL”): _____
TEAM MEMBER (“TM”): _____

**Purpose:** Identify the intent of the agreement. This provision should address the parties’ relationship and provide an understanding of how that relationship affects the parties’ respective rights and obligations.

The parties acknowledge that Team Leader (“TL”) is using the following Team Name: _____ (“Team”) and that Team Member (“TM”) is a licensed real estate agent affiliated with Broker and working with TL as part of the Team.
TL and TM are both independent contractors affiliated with the following Brokerage: _____ for which _____ is the Designated Broker (“Broker”).
TM acknowledges and agrees that TM must honor all terms of his/her Independent Contractor Agreement (“ICA”) and any such rules and policies as may be adopted from time to time by Broker. As required by law, Broker shall retain supervisory responsibility over TL and TM.

**Term:** Provide the start date and length of the agreement. Discuss when and how the parties have the ability to terminate the agreement and under what circumstances. For example, can the agreement and TM’s status as a member of the Team be terminated at any time without cause? Alternatively, can the agreement only be terminated at the end of the Term, provided that the proper advance notice is given? One or more of the following provisions may be appropriate.

This Agreement shall commence on the _____ day of _____, _____ (“Commencement Date”) and shall end on the _____ day of _____, _____ (“Termination Date”).
<u>Termination at End of Term:</u> This Agreement shall renew automatically for a period of one (1) year unless: (i) cancelled in writing sixty (60) days prior to a renewal date; or (ii) otherwise terminated in a manner allowed herein.
- OR -
<u>Unilateral Termination of Team Leader – Team Member Agreement:</u> This Agreement and TM’s status as a member of the Team may be terminated by either party at any time, with or without cause, by delivering written notice to the other party. Termination shall take place upon the receiving party’s receipt of the written notice to terminate.
- OR -
<u>Termination for Cause:</u> TL may terminate this Agreement and TM’s status as a member of the Team at any time for cause. Cause includes, but is not limited to, violation of office policies and procedures, TM’s conduct (i.e., unlawful, dishonest, fraudulent, or deceitful), moral turpitude, actions having an adverse effect on Company’s reputation, TM’s failure to pay fees or dues as set forth in their ICA, or a breach minor or otherwise of this Agreement or their ICA.

**Expense Structure/Brokerage Costs:** Provide a breakdown of expenses, how the expenses will be paid and when payment, if any, for the expenses is due.

TM is required to submit to  Broker  TL payment in the amount of \_\_\_\_\_ every  month  year on \_\_\_\_\_  
\$ to cover Team costs. These costs include the following:

- Office/desk space
- Advertising
- Office fees – copies, supplies, technology, office staff, franchise fees, E&O
- Other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Responsibilities:** Identify the responsibilities of TM as it pertains to working for the Team.

TM is a licensed real estate agent and is joining TL's Team. In order to be associated with TL's Team, TM agrees to the following:

1. Transfer real estate license to TL's Broker; and
2. Assist prospective Buyers and Sellers through leads generated by Team in acquiring or selling real estate. TM is to use best practices at all times in assisting prospective Buyers and Sellers and represent the Team consistent with its good name and reputation in the real estate community.

[Address any other items that TM is responsible for but beware of dictating responsibilities that could appear as though an employer-employee relationship exists.]

**Commission Structure:** The type of commission structure may vary depending on the type of brokerage or Team and what the TL offers in return to the TM. TLs that pay for benefits such as office/desk space, advertising, classes, etc. may have a higher commission split. Whereas, TLs that pay fewer expenses may have a lower commission split.

The following is based on commissions earned from successfully closed transactions. The agreed upon amounts are based upon net commission, after all Brokerage fees are paid.

1. TM will receive \_\_\_\_\_% of any commission earned from a lead generated by the Team and/or TL.
2. If TM represents buyer, TM will receive \_\_\_\_\_% of commission earned.
3. If TM represents seller, TM will receive \_\_\_\_\_% of commission earned.
4. After \_\_\_\_\_ transactions, TM's commission will increase by \_\_\_\_\_%.
5. With regard to TM's returning lead clients, TM will earn \_\_\_\_\_% after \_\_\_\_\_ transactions with the same client.

If a closing falls out of escrow and the Broker receives all or a portion of the Earnest Money, Broker shall pay TM the portion to which he/she is owed, if any.

TL and TM acknowledge and agree that unlicensed assistants, if any, shall not be paid on any basis that relies on the ultimate sale of the Property.

**Severance/Suspension/Revocation:** Determine what happens in the event that the TM is severed, terminated, or action is taken against their real estate license. For example, what happens to the files, listings, properties in escrow, etc.? Possible issues to address include:

**TM's License:** In the event TM is severed by Broker, TM's team membership is terminated by TL, or TM's license is suspended or revoked by the Arizona Department of Real Estate, this Team Member Agreement shall terminate upon the date of severance, termination, suspension or revocation as indicated on [www.azre.gov](http://www.azre.gov).

**Affiliation:** Upon severance, termination of team membership, or suspension or revocation of TM's license, TM agrees to cease representing themselves as a member of the Team, and agrees to immediately cease using, or remove, all materials, internet sites, business cards, yard signs and other signage, presentation materials, advertising, voicemail, etc. containing the branding, logo or intellectual property of the Team or TL.

**Properties in Escrow:** Following severance, termination of team membership, or suspension or revocation of TM's license, and upon close of escrow of transactions pending at the time of severance, termination, suspension or revocation, Broker, TL and TM will be paid their respective portion of the commission received by Broker in accordance with the terms of this Agreement, the Broker-Team Leader Agreement, any applicable fee schedule(s), and the ICAs of TL and TM.

**Listings:** TM agrees that all listings originating from TM shall remain the possession of TL's Broker following severance, termination of TM's team membership, or suspension or revocation of TM's license, unless otherwise indicated in a separate writing signed by Broker. Requests for the release of non-team originated listings shall be handled according to the Broker's Policy Manual.

**Buyer Broker Employment Agreements:** Following severance, termination of TM's team membership, or suspension or revocation of TM's license, all Buyer Broker Employment Agreements executed by TM shall remain the possession of  TM  Broker/TL. Whichever party retains possession, the other party shall be paid a referral fee in the amount of \_\_\_\_\_% within \_\_\_\_\_ days after a successfully closed transaction.

**Clients and Leads:** Within \_\_\_\_\_ days of severance, termination of TM's team membership, or suspension or revocation of TM's license, TM shall promptly identify all clients and leads TM is currently working with, by providing a list of those individuals to TL.

**Fees owed:** If any fees are owed to Broker or TL at the time of severance, termination of TM's team membership, or suspension or revocation of TM's license, TM shall pay those fees to Broker or TL within \_\_\_\_\_ days. If any fees are owed to TM at the time of severance, termination of TM's team membership, or suspension or revocation of TM's license, TM shall request that Broker pay those fees to TM within \_\_\_\_\_ days.

**Modifications/Changes:** Discuss how modifications/changes to this Team Leader - Team Member Agreement should be addressed.

Any and all modifications/changes to this Agreement must be in writing, signed by both parties and approved by Broker.

**Dispute Resolution:** The parties should agree on the dispute resolution methods for potential conflicts.

In the event a dispute arises, TM and TL that agree Broker will act as mediator to resolve any and all disputes. In the event that mediation does not resolve all disputes or claims, the unresolved disputes or claims shall be:

- Submitted to Broker who will decide the matter in Broker's sole discretion
- Submitted for binding arbitration with an agreed upon third-party arbitrator
- Submitted for binding arbitration with the Arizona Association of REALTORS® if the dispute involves entitlement to a commission or compensation
- Other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Indemnification:** Broker and TL may want to include verbiage wherein TM indemnifies Broker and TL. Provisions to consider include:

1. TM shall indemnify and hold Broker and/or TL harmless from all losses and damage, including costs and attorney fees, which Broker and/or TL incur or become liable for resulting from any excluded claim or for breach of this Agreement, TM's ICA, or Broker's Policy Manual.
2. TM shall indemnify Broker and/or TL 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. TM understands that TM must obtain assignments from the authors of any portions of the listing content, including seller(s), as necessary for TM to assign the listing content to Broker and to otherwise make full use of the listing content under this Agreement. If TM fails to do so, TM will assume and reimburse Broker and/or TL for the cost of defending Broker and/or TL against infringement claims and paying damages on any such claims.

**Other terms and conditions:** Include any other items of importance (e.g. listing/sale/awards credit).

**Signature:** Place signature lines at the end of the agreement for Team Leader and Team Member. For example:

The undersigned agrees to the additional terms and conditions and acknowledge receipt of a copy hereof.			
_____ ^ TEAM LEADER'S SIGNATURE		_____ MO/DA/YR	
_____ ^ TEAM MEMBER'S SIGNATURE		_____ MO/DA/YR	
_____ ^ TEAM MEMBER'S SIGNATURE		_____ MO/DA/YR	

## Consumer/Client Information Form

### Describe the Brokerage Firm – Clear and Prominent

ABC Realty  
John Doe, Designed Broker  
123 S. Main St.  
Anywhere, USA 00000

Dear **(Client)**:

Thank you for selecting the XYZ Team for your **purchase/sale/property management** transaction.

Please allow me to introduce the members of the **XYZ Team** to you:

(Name of Licensee), Team Leader

(Name of Licensee), Selling Agent

(Name of Licensee), Listing Agent

(Name of Licensee), Transaction Coordinator

(Name of Licensee), Property Manager

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Each Team member has been personally selected to work on the XYZ Team to provide you with exceptional care, service and their particular expertise in the transaction. As your **sale/purchase/property management** transaction progresses, you may be contacted by one or more of the Team members in an effort to assist you.

(Optional) If ever you have unanswered questions or concerns about your **sale/purchase/property management** transaction and you want to consult with me personally, please contact me at 000-000-0000, extension 123. John Doe, the Designated Broker for ABC Realty may be contacted at 000-000-0000, extension 100.

Best Regards –

Team Leader, (Licensee Name)

ABC Realty