

International Tours of Houston –Independent Contractor Agreement

THIS AGREEMENT made and entered into this the _____ day of _____ 2009
By and between IT TRAVEL INSTITUTE OF TEXAS, INC. d/b/a INTERNATIONAL TOURS OF HOUSTON,
a Texas Corporation having its principal place of business at 6363 Richmond Ave., Suite 200, Houston, TX
77057 and hereinafter referred to as "ITH" and,

Independent Contractor (IC) _____ SS# _ _ - _ - _ - _ - _ -

Address _____ City - _____,

State of _____, postal code of _____, Telephone # _____

Cell phone _____ Email – _____

WITNESSETH:

WHEREAS, ITH is the owner of a retail travel agency ("Agency") and has full appointments from the Airlines Reporting Corporation ("ARC"), the International Airlines Travel Agent Network ("IATAN") and the Cruise Lines International Association ("CLIA") together with airline stock and validation plates for operation of the Agency at the above location; and

WHEREAS, Independent Contractor is desirous of promoting and developing travel sales by selling airline tickets and other travel accommodations; and of receiving a percentage of commission payable to the Agency for all such sales; and

WHEREAS, ITH benefits from a lease agreement with Amadeus Corporation for computer reservations software, and the Independent Contractor is desirous of leasing such software for reservations and ticket preparation;

NOW, THEREFORE, and in consideration of the mutual covenants and agreements herein contained, the adequacy of which is hereby acknowledged, the parties agree as follows:

1. **Appointment of Independent Contractor:** ITH hereby contracts with Independent Contractor and Independent Contractor agrees to proceed diligently, faithfully, loyally, legally, and to use his/her best efforts to sell and process the sale of travel and tours to customers as an Independent Contractor.

2. **Fees:** In consideration for ITH'S services set forth in this Agreement Independent Contractor agrees to pay ITH an:

Initial fee in the amount of \$235.00 to be paid with signing of this IC Agreement:

- 1) \$135 applies as Initial Fee for Program Participation.
- 2) \$100 applies as annual fee for Travel Agents Professional Liability Insurance i.e. Errors & Omissions Insurance. If IC secures their own E & O insurance policy, has named ITH as a Additional Insured in their E & O coverage, and provides ITH with a copy of the IC insurance policy reflecting that ITH is listed and covered by their policy, ITH will waive the \$100 fee.

Annual fee in the amount of \$100.00 This annual fee will be due on the first anniversary sign-up date of the IC, unless IC has earned a minimum of \$600 in commissions from previous year sales made through ITH'S program, in which case the annual **fee will be waived.**

Monthly fees in the amount of \$50.00* **will be billed for the following services if required:**

One (1) Amadeus Vista software certificate will be provided by ITH to the IC. Each subsequent Amadeus Vista software certificate downloaded by IC would be billed at \$25.00 per month per certificate.

Travel Management Reports will be provided to the IC by ITH. Information to compose these reports will originate from the Amadeus Vista software computer entries of the IC. ITH'S TRAMS'S back-office accounting system will be used to compile the travel data from the IC to produce weekly or monthly travel reports **as requested by the IC. The fee for compiling these reports on a weekly or monthly basis is \$25.00 all inclusive.**

3. **Term of Appointment:** This Agreement is for an indefinite duration and may be terminated upon thirty- (30) day written notice at the will of either party.

4. **Independent Contractor's Compensation:**

Commissionable Sales: ITH agrees to pay Independent Contractor seventy (70%) of the earned commission, when the majority of the booking/pricing/invoicing/ticketing and securing customer payment work entailed in the booking has been performed by Independent Contractor, for the sale of airline tickets and other travel accommodations sold by Independent Contractor, and accepted by ITH, for sales that have been reported and paid over to ITH for processing.

However, where ITH had completed the majority of, but not limited to, the booking/pricing/invoicing/ticketing and securing customer payment on behalf of the Independent Contractor, a payment of thirty percent (30%) commission for individual bookings, forty percent (40%) on travel vendor designated group bookings, will be made pursuant to all other terms of this Agreement. Said commissions shall be due and payable only after payment for such services has been collected from the party or parties for whom it was performed, and after the party or parties' travel has been completed.

There shall be no payment to Independent Contractor for any sales later refunded, or paid for by exchange for other accommodations on which such percentage was already paid to Independent Contractor.

Non-commissionable Sales: Travel vendor sales deemed "non-commissionable" (i.e. Airline published fare tickets and/or net airline consolidator tickets etc., ITH will retain or require a minimum **\$10.00** transaction processing fee for Domestic travel tickets, and **\$30.00** for International Travel tickets or thirty percent of the charged transaction or service fee, whichever is greater. This transaction processing fee is to be paid at time of ticketing with credit card or cash/check payable to ITH. Invoicing procedures for processing these transaction fees explained in ITH'S Policy & Procedure manual.

IC may charge an additional amount over ITH'S minimum for their own transaction fee compensation, with the total collected fee (less ITH'S minimum) to be paid to IC in the appropriate monthly or bi-monthly commission checks.

Sales Invoicing: If IC does not invoice travel sales generated by IC by the time ITH receives the applicable commission from the travel vendor, the commission remains with the agency. IC'S new to the industry and Amadeus automation are given a sixty-day (60) grace period from their start date with the ITH program to learn the Amadeus invoicing commands.

5. **Name:** The Independent Contractor agrees that this Agreement does not constitute the purchase of a franchise, nor any rights to use any franchise trade names or trademarks such as, but not limited to, the following: "International Tours," "IT," or any variation of International Tours of Houston." Rather, Independent Contractor agrees to establish their own trade name d/b/a (doing business as), which will not interfere with the use, or is similar to any other STARS' participant's name.

6. **ITH Services:** In consideration for fees paid by Independent Contractor, ITH shall provide the following additional services:

A. Upon execution of this Agreement, ITH will make one Amadeus computer reservations system software (Amadeus Selling Platform & Amadeus Cruise) available to Independent Contractor (if IC enrolled for Amadeus software), so that Independent Contractor shall have capability for automated schedule and fare quotes and reservations, with all tickets for any such reservations

being driven or produced from ITH. The Independent Contractor is responsible for providing an IBM compatible personal computer (based on the requirements of the Amadeus reservation software), modem and telephone data line at Independent Contractor's place of business.

B. ITH will process accepted transactions of Independent Contractor, and shall pay over to carriers and other suppliers of travel accommodations, the full costs of such accommodations arranged by Independent Contractor for customers of Independent Contractor where the Agency shall have received the requisite payment from such customers in accordance with the payment standards promulgated from time to time by ITH. ITH shall not be considered to have received any such payment if there shall have been deducted therefrom, commission or other sums not agreed to by ITH or then in dispute between Independent Contractor and ITH. ITH reserves the right to offset accounts payable due to ITH by Independent Contractor at the sole discretion of ITH.

C. ITH retains the right to contract for similar services with other Independent Contractors.

D. Independent Contractor acknowledges that travel suppliers formulate the rules regarding travel benefits for gratis and reduced rate educational travel familiarization trip offerings, and will be offered such benefits as are allowed, and for which Independent Contractor qualifies.

7. **Obligations of Independent Contractor:** It shall be the obligation and liability of Independent Contractor to pay the following items and perform in the following manner:

A. Independent Contractor shall be liable for and pay for all obligations incurred, including, but is not limited to, telephone usage and equipment, bank debits for returned checks, delivery of clients' tickets, advertising and promotion of Independent Contractor's business, salaries or wages of employees of Independent Contractor, annual premium for Professional Travel Liability Insurance ("Errors & Omissions" insurance) as determined by the issuing company, and other costs and expenses as they may occur, and that are related to the STARS Program for the benefit of the STARS participants.

B. Independent Contractor agrees to be responsible for all of his/her own Federal Income and social Security taxes. As such, ITH will not withhold Federal Withholding Tax (FWT) nor withhold Social Security Tax (FICA) from gross amounts paid to Independent Contractor as commission earned. ITH will submit to the Internal Revenue Service a 1099 form on behalf of Independent Contractor at the end of the fiscal taxable year. Medical Insurance, as well as other ITH employee benefits, will not be provided by ITH for Independent Contractor.

C. Independent Contractor shall account for and deliver to ITH all payments accepted by Independent Contractor for all airlines tickets and/or other travel accommodations and shall provide ITH with all accounting for any accommodations produced through commercial charge or deferred payment account. Independent Contractor is responsible for collection of his/her accounts' receivable (including insufficient funds customer checks), and accounts receivable should be paid at same time as issuance of tickets or other travel documents. Independent Contractor is personally liable for any accounts not paid including clients' credit card charge-backs from either the card issuing company or the validating airline.

Independent Contractor agrees to adhere strictly to the ticketing and payment instructions of ARC as set out in the ARC Industry Agents Handbook for all such sales (whether on a cash, charge or credit card basis) made on airline ticket stock and processed through the ARC Area Settlement Plan, as well as any other travel supplier, ITH and IATAN requirements.

D. The parties agree that no minimum quota is required, no minimum amount of compensation is guaranteed, and that there is no account or advance of monies available against anticipated earnings.

8. **ITH'S Indemnification:** ITH agrees to indemnify Independent Contractor and hold Independent contractor harmless from any and all claims, actions, damages, costs and expenses, including attorney's fees, of whatsoever nature, arising from (i) ITH'S failure to make proper remittance to the appropriate carrier or travel supplier for any client or customer of Independent Contractor, or proper refund to any such client or

customer where the same is justly due and owing; (ii) the failure of ITH to perform under this Agreement; or (iii) any fault, failure to act, or negligence of ITH'S agents or employees, but in no such event, arising, in whole or in part, directly or indirectly, from any fault or negligence of Independent Contractor.

9. **Independent Contractor's Indemnification:** Independent Contractor agrees to indemnify ITH and hold ITH harmless from any and all claims, actions, damages, injuries, costs and expenses, including attorney's fees, of whatsoever nature, arising from (i) Independent Contractor's failure to perform under this Agreement; (ii) the improper or unlawful operation of business by Independent Contractor; or (iii) any fault, failure to act, or negligence of Independent Contractor or Independent Contractor's agents or employees, but in no such event, arising, in whole or in part, directly or indirectly, from any fault or negligence of ITH.

10. Default: The following shall be considered defaults hereunder:

A. It shall be considered a default of either party hereto if such party shall fail to pay any sum of money due to the other party and such failure shall continue after not less than seven (7) days written notice from the non-defaulting party, or shall otherwise fail to perform hereunder and such failure shall continue after not less than thirty (30) days written notice from the non-defaulting party unless such failure not be cured or corrected within such 30 days, in which event if the defaulting party shall not have entered upon or begun cure or correction within said 30 days and thereafter diligently continue the same to completion.

B. It shall also be considered a default on the part of either party if such party shall file a declaration of petition of bankruptcy, make an assignment for the benefit of creditors, or admit in writing to an inability to pay debts generally as they become due.

C. It shall be considered a default on the part of Independent Contractor if Independent Contractor takes any action, or fails to take any required action, which would have the effect of jeopardizing the ARC or IATAN appointment status of ITH in the sole opinion of ITH.

11. **Rights of the Parties Upon Default:** In the event of a default by either party, the non-defaulting party shall have the right, without limitation, to: (i) terminate this Agreement without further notice and the liabilities of the non-defaulting party to the defaulting party shall thereupon cease; and (ii) proceed to collect at law any amounts which may then be due from the defaulting party to the non-defaulting party, together with attorney's fees, and costs of the action.

12. **Notices:** Any notices which may or must be made under this Agreement shall be considered given if directed by certified mail, return receipt requested, to the address of party as set out below, or such other later address as any party may from time to time notify the other:

If to ITH:

Ron Sanders CTC, President
International Tours of Houston
6363 Richmond Ave #200
Houston, TX 77057

If to Independent Contractor (s):

13. **Independent Contractor's Confidentiality Agreement:** Independent Contractor agrees that in the event he/she voluntarily terminates his/her appointment at any time, or in the event ITH shall terminate his/her services by default of Independent Contractor during the term of this Agreement:

A. Independent Contractor shall not remove from ITH any customer lists or other items or materials used by ITH in its operation and further, shall not make or remove any copies of any such material from ITH'S premises.

B. Independent Contractor agrees that he/she will not at any time, either individually

or through or with the aid or assistance of others, take, misappropriate or misuse any of the property of ITH such as client lists, name files, data, books, records or accounts or other confidential information used at or by ITH. This prohibition includes all forms of computer data. Independent Contractor recognizes this data as the trade secret material of ITH.

14. **ITH'S Confidentiality Agreement:** ITH agrees that in the event it voluntarily terminates its appointment of Independent Contractor at any time or upon default of ITH during the term of this Agreement:

A. ITH shall not remove from Independent Contractor any customer lists or other items or materials used by Independent Contractor in its operation and further, shall not make or remove any copies of any such material from Independent Contractor's premises.

B. ITH agrees that it will not at any time, either individually or through or with the aid or assistance of others, take, misappropriate, or misuse any of the property of Independent Contractor such as client lists, name files, data, books, records, or accounts or other confidential information used at or by Independent Contractor. This prohibition includes all forms of computer data. This data is recognized by ITH as the trade secret material of Independent Contractor.

15. **Ticket Stock:** At all times, ITH shall retain control of all ticket stock.

16. **Sever ability:** The failure of any party hereto to enforce at anytime any of the provisions or terms of this Agreement shall not be construed to be a waiver of such provision or term, nor of the right of any party to enforce such term or provision.

17. **Venue:** This Agreement shall be interpreted according to the laws of the State of Texas and shall be enforceable in its entirety in Harris County, State of Texas.

18. **Merger Clause:** This Agreement constitutes the entire Agreement between ITH and Independent Contractor, and there are no agreements or understandings concerning such Agreement, which are not fully set forth herein.

THIS AGREEMENT executed on the day and year first herein above written.

IT Travel Institute of Texas, Inc.
d/b/a International Tours of Houston

By: _____
Ronald C. Sanders, President

By: _____
Independent Contractor

Printed Name of Contractor: _____