

Conversion Fee Options

This is sample language only, and it is not to be construed as legal advice. You should consult with an attorney before implementing any of these sample contract provisions.

Option 1 — Top Echelon Contracting (TEC) recommends the recruiter enter into the Letter Agreement for Contract Staffing to secure the conversion fee. This is critical when TEC signs the client’s agreement and it does not allow for a conversion fee.

Option 2 — If you already have an agreement in place with your client, TEC recommends that you add a conversion fee clause. You can add a clause similar to one of the below examples of conversion fee language to your existing agreement(s).

A. If the client, its parents, subsidiaries or affiliates, hire the contractor as an employee, continue to receive services as a contractor or 1099 independent contractor, or in any way continue to receive services from contractor outside of this contract, a fee of _____% of the contractor’s first- year compensation will immediately be due and payable to [INSERT RECRUITER AGENCY NAME], less a credit of \$_____ [CREDIT AMOUNT] per hours worked under this contract.

B. If the Client, its parents, subsidiaries or affiliates, hire the Contractor as an employee, continue to receive services as a contractor or 1099 independent contractor, or in any way continue to receive services from Contractor outside the scope of this contract, the following conversion fee applies and will immediately be due and payable to [RECRUITER AGENCY NAME]:

▶ After 1 month of work on the contract	11/12 of the	% permanent fee
▶ After 2 months of work on the contract	10/12 of the	% permanent fee
▶ After 3 months of work on the contract	9/12 of the	% permanent fee
▶ After 4 months of work on the contract	8/12 of the	% permanent fee
▶ After 5 months of work on the contract	7/12 of the	% permanent fee
▶ After 6 months of work on the contract	6/12 of the	% permanent fee
▶ After 7 months of work on the contract	5/12 of the	% permanent fee
▶ After 8 months of work on the contract	4/12 of the	% permanent fee
▶ After 9 months of work on the contract	3/12 of the	% permanent fee
▶ After 10 months of work on the contract	2/12 of the	% permanent fee
▶ After 11 months of work on the contract	1/12 of the	% permanent fee
▶ After 12 months of work on the contract	No Fee Due	

Option 3 — In the event the recruiter is unable to utilize **option 1 or 2**, one of the prior paragraphs can be included in our **Client Services Agreement** to the client company. Any percentage fee can be used for **Example A**, and any fractional amount (6ths, 12ths, etc.) can be used for **Example B**, over any contract length. However, please note: Top Echelon Contracting does not take any responsibility for invoicing or enforcing a conversion fee in our agreement.

Letter Agreement for Contract Staffing

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(Insert the following letter on your company letterhead)

Dear Client:

Thank you for considering **[Insert recruiter's company name here]** to recruit and pre-screen candidates for your current contract employee needs. The following terms will govern our relationship throughout this process.

It is understood that **[Insert recruiter's company name here]** recruits and refers candidates, regardless of race, sex, color, religion, creed, ancestry, national origin, disability, age, marital status, or other protected class status pursuant to applicable law. You agree that you will not reject candidates, or otherwise deem candidates unacceptable for any reason prohibited by federal, state, or local laws including, but not limited to, laws pertaining to employment discrimination.

You acknowledge that **[Insert recruiter's company name here]** only role in the contract employee staffing process is recruiting and selecting possible candidates for assignment at your facility. In this regard, **[Insert recruiter's company name here]** shall be an independent contractor to you with no responsibilities other than recruiting, selecting, and presenting potential candidates to you. Once you have selected a candidate from those presented to you by **[Insert recruiter's company name here]**, Top Echelon Contracting will become your contract staffing services provider. You will negotiate a Client Services Agreement with Top Echelon Contracting and that document will govern all aspects of the contract staffing assignment. Once the Client Services Agreement is signed, Top Echelon Contracting will employ the candidate whom you have selected and assign that individual to provide contract staffing services to you in accordance with the Client Services Agreement. Top Echelon will become the candidate's employer and will be responsible for all aspects of his or her employment, including payment of all wages and benefits due to the contract employee, as well as withholding and payment of payroll taxes required under local, state, and federal laws. **[Insert recruiter's company name here]** is wholly independent of Top Echelon Contracting and neither Top Echelon Contracting nor **[Insert recruiter's company name here]** may make any representation, warranty, or commitment that would become a binding obligation upon the other.

In no instance shall any candidate or employee of Top Echelon Contracting become liable in whole or in part to pay a fee of any kind, directly or indirectly, on account of any service performed by **[Insert recruiter's company name here]**.

While **[Insert recruiter's company name here]** strives to refer and direct only the most qualified candidates, **[Insert recruiter's company name here]** does not warrant or guarantee that the candidates referred or directed to you will produce any particular result or any solution to your staffing needs. In all cases, you shall determine competency of the candidate prior to hire. You, the client, shall hold **[Insert recruiter's company name here]** harmless from any liability as the result of contractor's inability to complete the work required.

[Insert recruiter's company name here] standard recruiting fees will be due and owing to **[Insert recruiter's company name here]** if the following occurs: **[Insert recruiter's conversion fee here. Top Echelon Contracting has some suggested wording]**.

Please sign and return a copy of this letter to my attention indicating your acceptance of these terms.

Very truly yours,
Insert recruiter name here
Insert recruiter's title here

Read and Accepted this ____ day of _____, 20 ____.
By: _____
Title: _____