

Two Payments, One Lease: The Separate Compensation of Apartment Locators and On-Site Leasing Agents in the Texas Multifamily Rental Market

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Author Note

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Abstract

Two occupational roles participate in the execution of a conventional apartment lease in Texas, and they are routinely mistaken for one another. The independent apartment locator is a licensed real estate agent who identifies suitable communities for a prospective renter and registers the resulting referral. The on-site leasing agent is an employee of the apartment community who conducts the tour, processes the application, and executes the lease. Because both parties touch a single transaction, practitioners frequently assume that the two compete for one pool of money, and that the locator is paid for work the on-site employee performed. This paper argues that the assumption is mistaken on legal, accounting, and economic grounds. Drawing on the Texas Real Estate License Act, federal wage and tax authority, the economics of intermediation, and agency theory, the analysis shows that the two payments originate in separate budget lines, compensate distinct contributions, and arise under separate instruments, so that payment of one does not automatically reduce the other. The paper sets out the conditions that referral policies and brokerage agreements commonly require before a locator fee becomes payable, and shows how a documentary failure can defeat the fee under such terms while leaving the on-site bonus intact. Illustrative models show that a fee of one month's rent equals roughly 30 days of vacancy loss, an equivalence invariant to rent level. The paper sets out documentation practices that reduce the risk of non-payment, states the limitations of the available compensation data, and proposes a measurement agenda.

Keywords: apartment locator, leasing agent compensation, referral fee, procuring cause, multifamily housing, real estate intermediation

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Roughly two in five Texas households rent their housing (U.S. Census Bureau, 2025a), and a slight majority of those renting households, 52%, occupy buildings with five or more units, the segment in which professional multifamily management is concentrated (U.S. Census Bureau, 2025b). A single lease signature in that segment typically involves two separate occupational actors whose contributions are easy to conflate and whose compensation is easy to misdescribe. The first is the independent apartment locator, a licensed real estate agent who works across many communities and whose service is furnished to the renter at no charge. The second is the on-site leasing agent, an employee of the community or its management company, who performs the leasing functions that occur at the property itself.

The confusion between these roles is not merely terminological. It has consequences for how operators budget, how brokerages structure splits, how on-site employees understand their own incentive plans, and how renters interpret what they are being offered. The most persistent version of the confusion holds that the locator is paid a large fee for work the on-site employee actually performed, and that the on-site employee is therefore deprived of a bonus whenever a locator is involved. Both halves of that proposition are false, and the reasons they are false illuminate something more general about how intermediated markets allocate rewards among specialists.

This paper has four aims. First, it establishes the legal architecture that separates the two roles under Texas law, including the licensure requirement that binds the locator and the statutory exemption that frees the on-site employee from it. Second, it decomposes the leasing funnel into discrete functions and assigns each function to the party that ordinarily performs it, which makes

the division of labor empirically visible rather than rhetorical. Third, it specifies the compensation structure of each role, identifies the budget line from which each payment is drawn, and demonstrates the non-rivalry of the two payment streams. Fourth, it states the conjunctive conditions under which a locator fee is earned and, equally important, the conditions under which it is forfeited, since the forfeiture rules reveal what the fee is actually compensating. Throughout, quantitative claims are presented as explicitly labeled illustrative models rather than as estimates from a probability sample, for reasons taken up in the section on limitations.

Conceptual Framework

Intermediation and the Economics of Search

The locator is best understood not as a salesperson but as an informational intermediary. Stigler's (1961) foundational treatment of search established that information about prices and availability is costly to acquire, that the cost falls unevenly across market participants, and that specialists will emerge wherever the gap between the specialist's search cost and the amateur's search cost exceeds the specialist's required compensation. The apartment market in a large Texas metropolitan area satisfies that condition unusually well. Availability, pricing, and concessions change daily; published rents are frequently stale; and the variance between advertised and transactable terms is material. A renter searching independently confronts a high-dimensional problem with rapidly depreciating information.

Formal treatments of middlemen refine the point. Rubinstein and Wolinsky (1987) modeled intermediaries as agents who reduce the expected time to a match, while Biglaiser (1993) showed that middlemen persist in equilibrium specifically because they are experts, that is, because they can assess quality that the end buyer cannot. Yinger's (1981) search model of broker behavior and Yavas's (1994) survey of brokerage economics extend the logic to real

property, where the broker's contribution is the generation and filtering of candidate matches. Garmaise and Moskowitz (2004), studying commercial real estate, documented empirically that information asymmetries in real estate markets are large enough to shape transaction outcomes, which is the condition under which an expert intermediary creates genuine surplus rather than merely capturing it.

Coase (1937) supplies the complementary question: why the operator purchases this function externally rather than producing it in house. Williamson's (1979) elaboration of that question supplies the answer, because it is Williamson who specifies the dimensions along which the boundary is drawn. Market-wide search is a non-specific, high-frequency activity with no asset specificity to the individual property, which is precisely the profile that transaction-cost reasoning assigns to market procurement rather than to the firm (Williamson, 1979). On-site leasing, by contrast, is asset-specific in the strict sense. It requires physical presence at one property, custody of keys and units, and authority to bind the owner. That function is internalized.

Agency Theory and the Architecture of Incentives

Why the two roles are paid in categorically different ways follows from the observability of their respective outputs. Holmström (1979) demonstrated that the optimal contract shifts toward outcome-contingent payment as the principal's ability to monitor effort declines. The operator cannot observe how many conversations a locator conducts, how many communities are compared, or how much judgment is exercised. It can observe, with near-perfect reliability, whether a registered referral became an occupied unit. Locator compensation is therefore almost purely contingent on a verified terminal outcome, and it is large, because a contract that pays only on success must pay enough on success to cover the cost of all the attempts that failed.

The on-site employee presents the inverse monitoring problem. Effort is directly observable by a supervisor who shares the premises, attendance is recorded, and the employee bears duties, such as resident relations and compliance paperwork, that are not reducible to lease counts. Standard agency reasoning therefore predicts a hybrid contract: a substantial fixed wage that insures the employee against variance it cannot control, plus a modest outcome-linked component to align effort at the margin (Eisenhardt, 1989; Jensen & Meckling, 1976). Prendergast's (1999) review of incentive provision in firms and Lazear's (2000) evidence on performance pay both support the generalization that incentive intensity rises with output measurability and falls with the breadth of the role. The observed structures in multifamily leasing match that prediction closely, which is a useful reminder that the pay asymmetry between the two roles is not an artifact of bargaining power but a predictable consequence of what each principal can and cannot see.

The Regulatory Architecture in Texas

Licensure of the Residential Rental Locator

Texas is explicit that locating apartments for compensation is brokerage. The Texas Occupations Code defines a residential rental locator as a person who “offers for consideration to locate a unit in an apartment complex for lease to a prospective tenant,” and expressly excludes from the definition “an owner who offers to locate a unit in the owner's complex” (Tex. Occ. Code § 1101.002(6)). The statute folds the locator into the definition of broker, and the licensing provision is explicit on the point: unless a person holds a license, the person may not act as or represent that the person is a broker or sales agent, and may not act as a residential rental locator (Tex. Occ. Code § 1101.351(a)). The Texas Real Estate Commission (TREC) states the same rule in its published guidance, answering that licensure is required where the person seeks or has an

expectation of compensation for offering to locate a unit in an apartment complex for a prospective tenant (TREC, 2026c). A locator consequently operates inside the licensing system rather than alongside it: a sales agent may not engage in real estate brokerage unless sponsored by a licensed broker (Tex. Occ. Code § 1101.351(c)), and the sponsoring broker is responsible for that agent's supervision and for the compliance of the agent's advertising (22 Tex. Admin. Code §§ 535.2, 535.155).

The Owner and Employee Exemption

The on-site leasing agent is situated on the other side of the same statute. Section 1101.005 withdraws the chapter's application from a series of actors, two of which matter here: the on-site manager of an apartment complex, and an owner or an owner's employee who leases the owner's improved or unimproved real estate (Tex. Occ. Code § 1101.005(7)–(8)). The exemption is doctrinally coherent. Licensure exists to regulate persons who act for another in the disposition of that other person's property. An employee leasing the employer's own units is not acting for another in the relevant sense; the principal and the beneficiary are the same party. This is why the on-site agent may perform the tour, take the application, and execute the lease without a license.

The exemption is defined by activity rather than by job title, and that distinction has a practical consequence. It reaches the employee's leasing of the owner's own property; it does not convert the employee into a person who may be compensated for directing prospects elsewhere. TREC's published guidance is direct on the point: a license holder may not pay an unlicensed person valuable consideration for referring a potential lessee or buyer, a violation of Tex. Occ. Code § 1101.652(b)(11) and (26) that exposes the license holder to disciplinary action, while the unlicensed recipient is treated as having engaged in the business of real estate brokerage and

faces administrative penalties and a Class A misdemeanor (Tex. Occ. Code § 1101.757; TREC, 2026a). TREC treats gifts of merchandise with a retail value of \$50 or less as outside the definition of valuable consideration, while a card convertible to cash remains impermissible (TREC, 2026b). Whether any particular arrangement falls inside or outside the exemption turns on what the employee actually did and who paid for it, and is a question for counsel rather than for a table.

Compensation Must Flow Through the Sponsoring Broker

Two further provisions govern the mechanics of payment. A sales agent “may not accept compensation for a real estate transaction from a person other than the broker that is sponsoring the sales agent,” and a broker may not compensate any person for performing an act of a broker unless that person is a license holder or an appropriately situated out-of-state broker (Tex. Occ. Code § 1101.651). The practical consequence is structural: the apartment community remits the fee to the brokerage, not to the individual locator, and the brokerage then pays the locator under its own split agreement. Enforcement risk also runs in both directions, since a community that pays an unlicensed “finder” and a broker that shares a fee with one are each exposed.

A point frequently asserted in practitioner discussion requires correction. It is often said that a locator cannot sue for an unpaid fee without a signed written agreement. The statute usually invoked does not say that. Section 1101.806(c) bars an action to recover a commission absent a signed writing only for a commission “for the sale or purchase of real estate,” and by its terms it does not reach a commission for locating a tenant. The Texas statute of frauds is no broader on this point: its enumerated categories include a contract for the sale of real estate and a lease for a term longer than one year, but the only commission agreements it names are those for

oil, gas, and mineral interests (Tex. Bus. & Com. Code § 26.01(b)). An unwritten locator-fee arrangement is therefore not categorically unenforceable, and the paper does not claim otherwise.

Two provisions do bear directly on a locator's ability to recover. Section 1101.806(b) bars an action to collect compensation for an act as a broker or sales agent performed in Texas unless the plaintiff alleges and proves licensure at the time the act was commenced, which makes active licensure a condition of suit rather than merely of practice. And § 1101.651 channels payment through the sponsoring broker, so the brokerage, not the individual, is ordinarily the proper claimant. Beyond those, the obstacle to collecting a disputed fee is evidentiary rather than statutory. Without a writing, the locator must prove the agreement, its rate, and its terms from other evidence, which is why the documentary conditions discussed below are decisive in practice even though no statute makes them so. Readers should obtain Texas counsel before relying on this analysis in a dispute.

Table 1

Structural Comparison of the Independent Apartment Locator and the On-Site Leasing Agent

Dimension	Independent apartment locator	On-site leasing agent
Legal status	Independent contractor sponsored by a TREC-licensed broker	Employee of the owner or its management company
Licensure	Required as a residential rental locator and broker (Tex. Occ. Code §§ 1101.002(6), 1101.351)	Exempt as an owner or owner's employee leasing the owner's property (Tex. Occ. Code § 1101.005)
Principal served	The prospective renter, under the brokerage relationship disclosed by the sponsoring broker	The property owner, as its employee and agent
Geographic scope	Many communities across one or more metropolitan markets	A single community
Primary payment	Referral fee, commonly 50% to 100% of one month's rent	Hourly wage or salary plus a per-lease bonus of roughly \$50 to \$250
Payment contingency	Fully contingent on an executed lease and completed move-in	Wage is unconditional; bonus is contingent on lease production

Dimension	Independent apartment locator	On-site leasing agent
Payment route	Community pays the sponsoring broker, which pays the locator under a split	Employer pays the employee through payroll
Budget line charged	Marketing and advertising	Payroll and employee incentive compensation
Tax treatment	Business receipt of the brokerage; any information reporting depends on the brokerage's tax classification	Wages subject to withholding; Form W-2 reporting
Cost to the renter	None	None

Note. Fee and bonus magnitudes are the ranges commonly reported in practitioner sources and should be read as central tendencies rather than as estimates from a probability sample. See the section on limitations and data quality. TREC = Texas Real Estate Commission.

The Functional Division of Labor

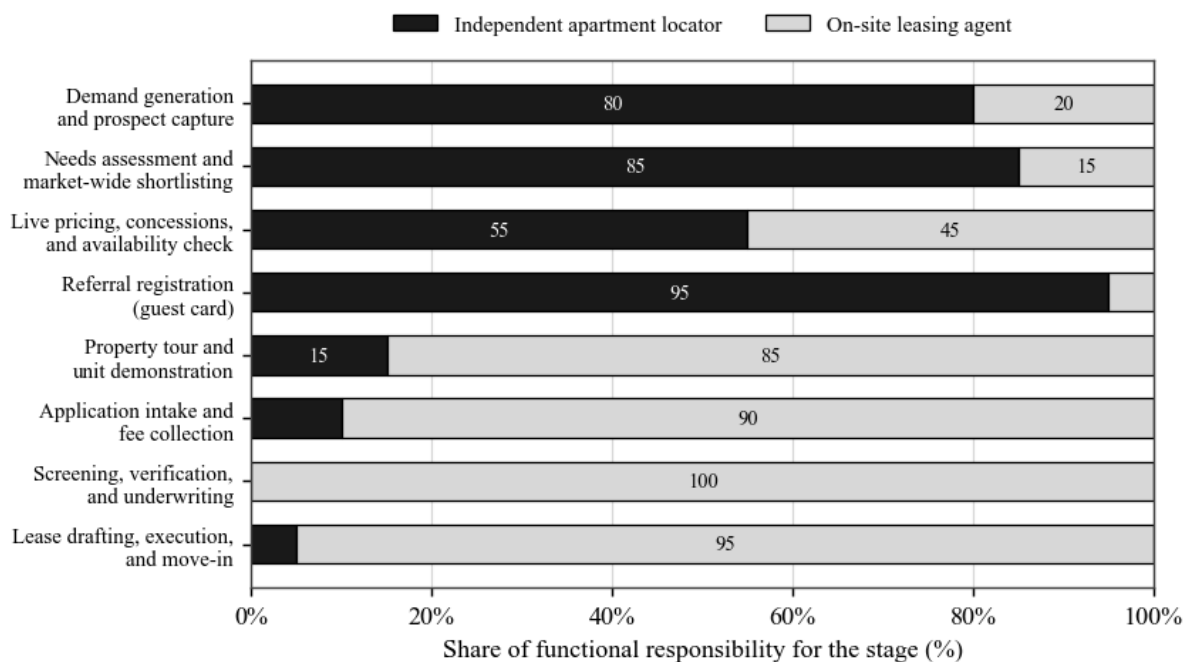
The claim that the locator is paid for the on-site employee's work can be tested rather than merely asserted, by decomposing the transaction into its constituent functions and asking who performs each one. Figure 1 presents such a decomposition across eight stages, with responsibility apportioned according to ordinary practice.

The pattern is systematic rather than arbitrary. The locator dominates the stages that are market-wide, pre-commitment, and informational: generating the prospect, eliciting constraints, comparing communities, verifying what is actually available and at what price after concessions, and registering the referral so that attribution is established before any property-level work begins. The on-site agent dominates every stage that requires physical custody of the asset or legal authority over the owner's contractual position: demonstrating the unit, taking the application and fee, running screening against the owner's criteria, and drafting and executing the lease. The one genuinely shared stage is live pricing, where the locator supplies an informed expectation and the on-site agent supplies the authoritative quote.

Two observations follow. First, the functions are complements rather than substitutes. Removing the locator does not transfer its work to the on-site agent; it removes the comparative search from the transaction entirely and replaces it with whatever search the renter performs unaided. Second, neither party can perform the other's stages. The locator has no authority to bind the owner or to access units, and the on-site agent cannot lawfully be compensated for directing prospects to properties it does not represent. The division is enforced by law as well as by convenience.

Figure 1

Allocation of Functional Responsibility Across the Leasing Funnel



Note. Shares reflect the authors' coding of ordinary practice in professionally managed Texas multifamily communities and are intended as a conceptual decomposition, not as measured time allocations. The percentages within each stage sum to 100.

Compensation of the Apartment Locator

Magnitude and Structure

Locator compensation is conventionally expressed as a percentage of one month's contract rent on a standard twelve-month lease. The one practitioner source this paper is able to cite reports that a locator typically earns 50% to 100% of one month's rent per successful placement, and it does not identify a modal rate within that band (RaiderX, 2026). Practitioners also describe rates above 100% where occupancy is weak, where a property is in lease-up, or where a unit type has proven difficult to move, and a minority of communities substituting a flat fee, which functions as a cap and shifts the locator's attention toward higher-rent inventory.

The status of those numbers should be stated plainly rather than buried in a limitations section. They are the accounts of participants in the market, not estimates from a representative sample, and nothing in this paper establishes that 100% of one month's rent is the modal rate across Texas. Nor do the sources separate the Dallas–Fort Worth, Austin, Houston, and San Antonio markets, which differ in occupancy, concession practice, and locator density, and which could plausibly differ in fee convention as well. Table 2 summarizes the structures those sources describe, and should be read as a taxonomy of arrangements that occur rather than as a distribution of how often each occurs.

Table 2

Locator Fee Structures Reported in Texas Multifamily Practice

Structure	Typical level	Conditions under which it is observed
Percentage of one month's rent	50% to 100%	The convention these sources describe as dominant; 100% is the rate they most often name for a 12-month term
Enhanced percentage	101% to 150%	Lease-up, elevated vacancy, seasonal troughs, or hard-to-lease unit types

Structure	Typical level	Conditions under which it is observed
Flat fee	\$200 to \$600 per lease	Properties with strong organic demand or standardized marketing budgets
Tiered or term-scaled	Pro rata for terms shorter than 12 months	Six- and nine-month leases, corporate or short-term inventory
No locator program	\$0	Properties at or near full occupancy, or operators whose policy excludes third-party referrals

Note. Levels are reported by a single practitioner source (RaiderX, 2026), which discloses no sampling frame and does not separate Texas metropolitan markets. The rows describe arrangements that occur, not the frequency with which each occurs. Fees are remitted to the locator's sponsoring broker, which then pays the locator under its internal split.

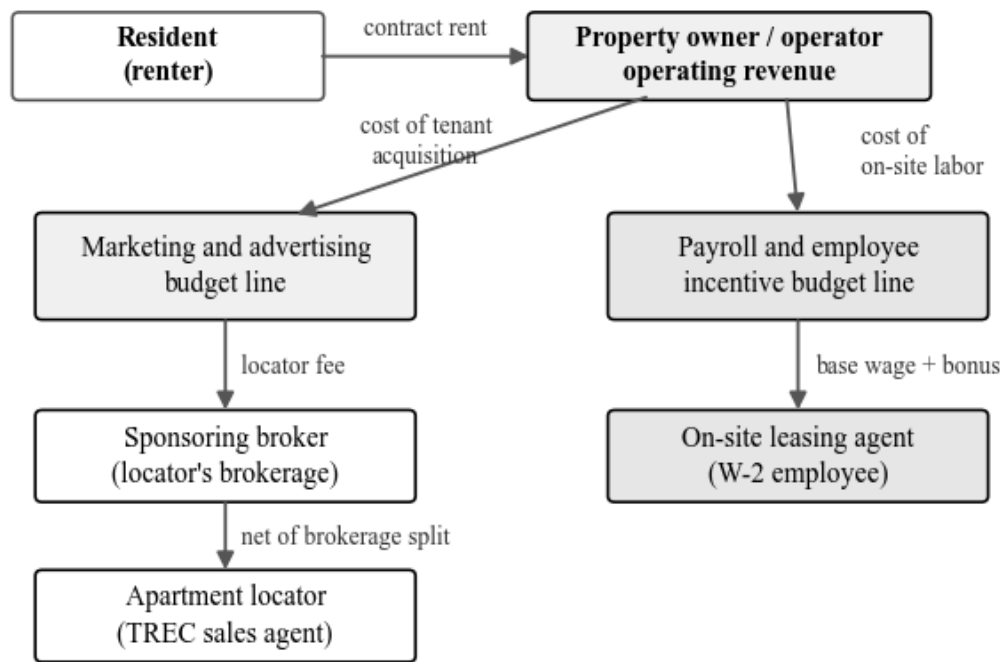
Source of Funds

The locator fee is typically charged to the community's marketing and advertising budget, though the accounting classification and the internal allocation of the cost vary by operator. Conceptually it is a customer acquisition cost, and it sits alongside internet listing service subscriptions, paid search, social advertising, signage, and resident referral payments as one line in a portfolio of acquisition channels, and the industry's own expense taxonomy places locator fees in the marketing category alongside signage (National Apartment Association, 2021). The marketing literature on customer equity treats such expenditures as investments whose justification is the discounted value of the acquired relationship rather than the cost of the transaction that initiates it (Blattberg & Deighton, 1996; Gupta et al., 2004). That framing matters here, because a lease is not a one-time sale. It is a twelve-month annuity with a renewal option, and the correct denominator for evaluating the fee is the contracted and expected revenue of the tenancy rather than the first month's rent in isolation.

Three implications follow, and all three are routinely missed. The fee is deductible to the owner as an ordinary and necessary business expense in the same category as any other advertising cost. It is paid to the brokerage as a business receipt rather than as wages, which is why the brokerage, and not the individual locator, appears on the community's vendor records. Whether the payer must file an information return is a separate question that depends on the brokerage's federal tax classification and on the circumstances of the payment, since payments to corporations, including limited liability companies treated as C or S corporations, are generally excepted from Form 1099-NEC and Form 1099-MISC reporting, with narrow exceptions such as attorneys' fees and medical payments (26 C.F.R. § 1.6041-3(p); Internal Revenue Service, 2026). The paper therefore does not assert that every brokerage receives the same information return, or any. And the fee is not charged against, funded by, or netted from either the renter's rent or the on-site employee's compensation, a point developed in detail below. Figure 2 traces the flows.

Figure 2

Flow of Funds From Operating Revenue to the Two Compensated Parties



*No payment flows from the resident to the locator,
and neither downstream payment reduces the other.*

Note. Both payments are financed from the same ultimate source, the property's operating revenue, but they are drawn from distinct budget lines and are approved, accounted for, and reported through different processes. No payment flows from the resident to the locator.

Timing and Contingency

Payment is triggered by performance, defined as an executed lease followed by the resident taking physical possession. Invoicing ordinarily follows move-in, and settlement commonly falls between fifteen and forty-five days thereafter. The contingency is unconditional in the sense that effort unaccompanied by a closed and occupied lease produces nothing: there is no retainer, no hourly component, and no partial payment for a tour that did not convert. This is

the pure outcome-contingent contract that Holmström's (1979) analysis predicts where effort is unobservable, and it explains both the size of the fee and the elaborate conditions that govern entitlement to it.

Conditions Under Which a Locator Does Not Receive Compensation

Entitlement to a locator fee is conjunctive. Every condition must be satisfied; the failure of any single one ordinarily extinguishes the fee in its entirety. Because the conditions are documentary and sequential rather than evaluative, the practical experience of locating is less like selling and more like maintaining a chain of custody. The principal conditions, and the consequence of failing each, are set out in Table 3 and elaborated below.

First, a valid guest card or formal referral registration is required. The prospective renter must be registered as the locator's referral, ordinarily through a guest card, an online portal, or a written referral, before or at the time of the initial property tour. If the renter contacts or visits the community independently, or if another locator has already registered that individual, the first locator is not credited.

Second, most communities impose a limited referral window, commonly thirty to ninety days. If the renter executes a lease after the window has expired, eligibility lapses even though the referral demonstrably caused the eventual lease.

Third, payment is contingent on the renter both signing the lease and taking physical possession of the unit. Cancellation, application denial, or failure to move in extinguishes any obligation to pay.

Fourth, incomplete or inaccurate referral information defeats the claim. Omission of the locator's full name, sponsoring brokerage, or license number, or an incorrect designation of the

referral source on the guest card, prevents the property from crediting the referral even where the underlying facts are not in dispute.

Fifth, some communities maintain policies that limit or prohibit locator referrals, or that offer only a nominal flat fee. Absent an agreement to compensate a particular locator, there is no contractual entitlement to a fee, however much work the referral required. The limit here is ordinary contract law rather than any special statutory bar, and a locator who sends a prospect to a community without first confirming its program is relying on goodwill.

Sixth, only one locator may be compensated for a given lease. Where multiple locators claim the same renter, the community ordinarily pays the party that registered the referral first, or declines payment altogether if the competing claims cannot be resolved from the record.

Finally, many management companies require the sponsoring broker to submit an invoice within a defined period, frequently thirty to ninety days after move-in. A late invoice is a sufficient ground for denial, and it is among the more common causes of forfeiture precisely because the substantive work has long since been completed and attention has moved on.

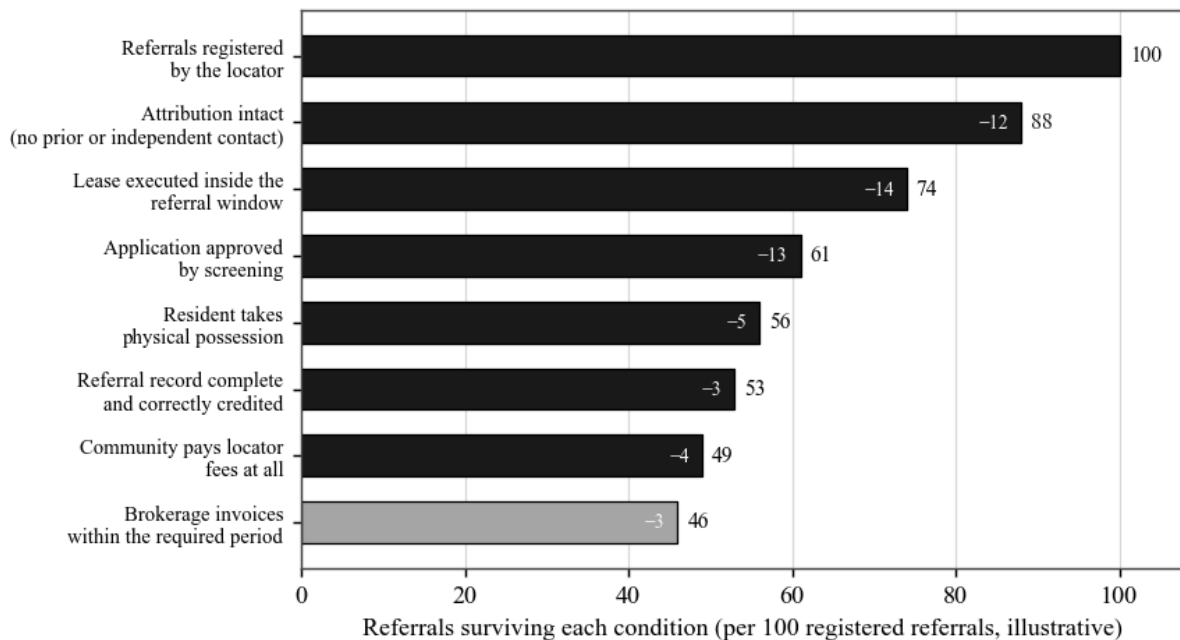
Table 3

Conditions Precedent to Payment of a Locator Fee and the Consequence of Failure

Condition	Ordinary requirement	Consequence if unmet
Referral registration	Guest card, portal entry, or written referral filed before or at the first tour	No credit; the community treats the prospect as organic traffic
Attribution priority	The locator is the first party of record to register the prospect	Fee paid to the earlier registrant, or withheld if claims conflict
Referral window	Lease executed within 30 to 90 days of registration	Eligibility lapses irrespective of causation
Screening approval	Application approved under the owner's criteria	No lease, therefore no fee
Occupancy	Resident takes physical possession of the unit	Fee is extinguished; signature alone is insufficient

Condition	Ordinary requirement	Consequence if unmet
Record accuracy	Correct locator name, brokerage, and license number; correct source designation	Property cannot credit the referral; fee denied on documentary grounds
Program eligibility	The community in fact pays locator fees and has agreed to the applicable rate	Without an agreed fee program, or without evidence of the applicable terms, the locator may be unable to establish a contractual right to payment; enforceability depends on the agreement and applicable law
Timely invoicing	Sponsoring broker invoices within 30 to 90 days after move-in	Claim denied as untimely

Note. The conditions listed are those commonly imposed by property referral policies and brokerage agreements. They ordinarily operate together rather than independently, so that a failure at any step can defeat the fee rather than reduce it. Which conditions apply, and the effect of any particular administrative defect, depend on the agreed terms and on applicable law. None of these failures affects the on-site leasing agent's entitlement to a per-lease bonus, which is governed by the employer's incentive plan rather than by the referral record.

Figure 3*Illustrative Attrition of Registered Referrals Across the Conjunctive Payment Conditions*

Note. The survival rates are stipulated, not measured, and are chosen only to show how conjunctive conditions compound. The figure is not evidence about how often Texas referrals are in fact paid, and no such measurement is known to the authors. The final condition, timely invoicing, is administrative rather than substantive.

A Worked Example

Consider a locator sponsored by a Dallas brokerage who registers a prospect, R, with Community A on March 3 through the community's online referral portal, correctly recording the brokerage name and license number. Community A pays 100% of one month's rent on a twelve-month lease and operates a sixty-day referral window with a thirty-day invoicing requirement. R tours on March 5 with the community's on-site leasing agent, applies on March 18, is approved on March 20, signs a twelve-month lease at \$1,800 per month, and takes possession on April 1.

On these facts every condition is satisfied. The referral was registered before the tour, the locator was the first registrant, the lease was executed within the window, screening was approved, possession occurred, and the record was accurate. Community A owes a fee of \$1,800 to the sponsoring broker, which pays the locator under its split, commonly 70% to 80%, yielding roughly \$1,260 to \$1,440 to the individual. Separately and independently, the on-site leasing agent who conducted the tour, processed the application, and executed the lease receives that property's new-lease bonus, perhaps \$150, through payroll.

Now vary one fact at a time. If R had walked into Community A on March 1 and completed a guest card before contacting the locator, attribution would have failed and the fee would be zero. If R had signed on May 20 rather than in March, the sixty-day window would have expired and the fee would be zero. If R had been approved, signed, and then cancelled before April 1, the occupancy condition would have failed and the fee would be zero. If the portal entry had named the locator but omitted the brokerage, the community would in all likelihood deny the claim on documentary grounds. And if the brokerage had invoiced on June 15 rather than by May 1, the claim would be denied as untimely notwithstanding that every substantive condition was met.

The instructive feature of these variations is what does not change. In every one of them the on-site leasing agent still conducted the tour, still processed the application, and, where a lease was executed and occupied, still earned the bonus. The locator's fee and the employee's bonus move independently because they are triggered by different events and governed by different instruments. This is the clearest available refutation of the belief that the two parties are drawing on a single pool.

Procuring Cause as the Organizing Principle

The conditions cohere around a single idea. The fee compensates the locator for being the procuring cause of a verified, closed, and occupied lease, not for performing the on-site leasing functions that the property's employees complete. Procuring cause is a documentary concept as much as a causal one: it is established by the referral record, bounded by the referral window, and validated by occupancy. Where the record does not clearly establish that the locator originated the referral and that the renter completed both execution and occupancy, the community has no obligation to pay, however much work the locator in fact performed. Conversely, a locator who satisfies every condition is paid in full even if the renter required only one conversation, because the contract prices outcomes rather than effort.

Steps an Apartment Locator Can Take to Help Ensure Compensation

Because entitlement is conjunctive and the conditions are overwhelmingly documentary, the dominant controllable risk in this occupation is process risk rather than commercial risk. A locator who persuades well but registers late is paid nothing; a locator who registers correctly and says little is paid in full. The practices set out below do not guarantee payment, and no practice can, since several conditions lie outside the locator's control. What they do is raise the probability that each gate in Figure 3 is cleared and, where a claim is contested, ensure that the written record favors the claimant.

The underlying logic is familiar from the literature on relational governance. Macaulay's (1963) classic study of commercial practice found that firms resolve most disputes outside the contract, by reference to the ongoing relationship rather than to the instrument, and that formal documents matter chiefly at the margin where relationships fail. Granovetter (1985) and Uzzi (1997) showed that economic exchange embedded in durable social ties is executed with greater

reliability and lower monitoring cost than arm's-length exchange. Critically for the present purpose, Poppo and Zenger (2002) demonstrated that formal contracts and relational governance operate as complements rather than substitutes: parties with stronger relationships use more complete documentation, not less. Dyer and Singh's (1998) relational view makes the same point from the perspective of value creation. The practical implication for a locator is that relationship-building and record-keeping are not alternative strategies between which one chooses. They are reinforcing, and the locator who invests in only one of them is exposed on the side left unattended.

Maintain Accurate and Current Registration Materials

A locator should keep a standing referral card or form carrying a current photograph, full legal name, sponsoring brokerage name, and TREC license number, and should furnish it to the leasing office in advance rather than at the moment a prospect appears. This is partly a verification convenience, since it allows an office to confirm credentials in seconds, and partly a compliance obligation, because TREC advertising rules require a license holder's advertising to identify the broker and to avoid any representation that the holder is operating independently of the sponsoring broker (22 Tex. Admin. Code § 535.155). Materials that omit the brokerage are not merely weak evidence; they can themselves be a rule violation.

Register the Referral Before or At First Contact

Registration must precede the prospect's first substantive contact with the property, and in all events the first tour. This single practice protects the two conditions that fail most often, registration and attribution priority, and it is the one step whose timing cannot be repaired after the fact. Where a property accepts registrations by multiple channels, the locator should use the

one that generates an automatic acknowledgment, since an acknowledgment converts an assertion into a record.

Direct the Renter to Name the Locator as the Source

The renter should be told, explicitly and more than once, to enter the locator's name and brokerage in the referral source field of any guest card or application, and to say so verbally on arrival. Renters routinely default to answers such as “internet” or “drove by,” which silently reassigns the lease to an organic channel and extinguishes the fee. This is a straightforward attribution problem, and the locator's only instrument for solving it is instruction delivered at the moment it is actionable, ordinarily when the tour is confirmed.

Use the Property's Designated Portal or Link

Where a community offers a locator portal or a trackable application link, the locator should route the prospect through it rather than relying on the office to transcribe a paper card. Portals timestamp the registration, bind it to the locator's identity, and remove the intermediate step at which transcription errors occur. They also convert the referral record from one the property controls into one both parties can retrieve.

Confirm the Property's Current Locator Policy

Fee rates, referral windows, and whether a community accepts locator referrals at all are revised frequently, often in response to occupancy. The locator should confirm the current policy before each referral rather than relying on a prior arrangement, and should obtain the confirmation in writing. The reason is evidentiary rather than statutory. As explained above, no Texas statute categorically bars recovery of an unwritten lease referral fee, but a locator asserting a disputed claim must prove the rate and terms that were agreed, and an email confirming the rate is a far better artifact than a recollection of a phone call.

Build and Maintain Relationships With Leasing Offices

Regular, professional contact with on-site teams keeps the locator's materials on file, surfaces policy changes before they cause a loss, and materially affects how close cases are decided. Attribution disputes are frequently resolved by a leasing manager exercising judgment on an ambiguous record, and the embeddedness literature predicts exactly what practitioners observe in that situation, which is that the known counterparty is given the benefit of the doubt (Granovetter, 1985; Uzzi, 1997). Relationship capital is also the only asset that protects against conditions the locator cannot otherwise influence, such as a community's decision to suspend its locator program.

Document Every Referral and Retain the File

The locator should retain submitted cards, portal confirmations, acknowledgment emails, screenshots, and substantive correspondence for every referral, organized so that any single claim can be reconstructed quickly. This is also a regulatory expectation rather than merely a prudential one, since sponsoring brokers are responsible for the supervision of their sales agents and for maintaining transaction records (22 Tex. Admin. Code § 535.2). In a contested claim the question is rarely what happened; it is what can be shown.

Invoice Promptly After Move-In

Once the resident has signed and taken possession, the sponsoring broker should invoice within the property's stated period, commonly thirty to ninety days, with the referral record attached. Late invoicing is among the most common causes of forfeiture precisely because the substantive work is long finished and attention has moved elsewhere, which makes it the failure mode most cheaply eliminated by a calendar.

Synthesis

Asked which of these matters most, experienced practitioners usually name the relationship, and they are right about the long run. Offices that know a locator forward policy changes, accept late corrections, and resolve ambiguity favorably. But the relational answer is incomplete on its own terms. Relationships protect a claim at the margin; documentation establishes it. The two are complements, and the combination, rather than either alone, is what produces a durable collection rate (Poppo & Zenger, 2002). Figure 4 maps each practice to the condition it protects, and Table 4 states the operational standard for each.

Table 4

Practices That Reduce the Risk of Non-Payment and the Evidence Each Produces

Practice	Operational standard	Risk mitigated and evidence created
Credentialed registration materials	Standing card with photograph, legal name, brokerage, and TREC license number, supplied in advance	Prevents denial on record accuracy; satisfies advertising identification rules
Registration before first contact	Submitted before the first tour through a channel that returns an acknowledgment	Protects registration and attribution priority; creates a timestamp
Renter names the locator	Explicit instruction to complete the referral source field and to state it on arrival	Prevents silent reassignment of the lease to an organic channel
Designated portal or link	Prospect routed through the community's locator portal or trackable link	Removes transcription error; produces a record retrievable by both parties
Policy confirmation	Written confirmation of rate, window, and eligibility obtained before each referral	Proves the agreed rate and terms if the claim is later disputed
Leasing office relationships	Regular professional contact; materials kept on file; policy changes tracked	Improves resolution of ambiguous claims; early warning of program suspension
Complete referral file	Cards, confirmations, screenshots, and correspondence retained per referral	Converts disputed facts into demonstrable ones; supports broker record obligations
Prompt invoicing	Broker invoices within the stated period after move-in, with the referral record attached	Eliminates the most avoidable cause of forfeiture

Note. TREC = Texas Real Estate Commission. No practice secures payment where a condition outside the locator's control fails, such as an application denial or a cancelled move-in. The practices listed address the conditions that are, in whole or in part, within the locator's control.

Figure 4

Mapping of Locator Practices to the Payment Conditions They Protect

	Referral registration	Attribution priority	Referral window	Screening approval	Occupancy	Record accuracy	Program eligibility	Timely invoicing
Credentialed registration materials (name, brokerage, license number)	•	◦				•		
Registration before or at first contact	•	•	◦			◦		
Renter names the locator as source	◦	•				•		
Application through the designated portal	•	•	◦			•		
Confirmation of the current locator policy			◦				•	◦
Ongoing relationships with leasing offices	◦	•	◦	◦	◦	◦	•	◦
Complete retention of referral records	◦	•	◦		◦	•	◦	◦
Prompt invoicing after move-in								•

Primary protection
 Partial or indirect protection
 No material effect

Note. Coding reflects the authors' assessment of which conditions each practice materially protects. Conditions governed by third-party decisions, principally screening approval and the resident's completion of move-in, are protected only indirectly and only by the relational practice, which is why no column for them is fully covered.

Compensation of the On-Site Leasing Agent

Base Wage and Statutory Treatment

On-site leasing agents are employees, and their compensation is governed by wage and hour law rather than by brokerage law. The position is ordinarily non-exempt under the Fair

Labor Standards Act, since it does not satisfy the outside sales exemption, which requires that the employee be customarily and regularly engaged away from the employer's place of business (29 C.F.R. § 541.500). An on-site leasing agent works at the employer's place of business by definition. Overtime is therefore owed above forty hours in a workweek, and, importantly for the present subject, per-lease commissions and bonuses that are not discretionary must be included in the regular rate when overtime is computed (29 C.F.R. §§ 778.117, 778.208, 778.211). In Texas, wages, which the statute defines to include compensation computed on a commission basis, are additionally protected by the Texas Payday Law (Tex. Lab. Code § 61.001(7)).

Reliable base-wage estimates for this occupation are harder to obtain than one might expect, for a reason worth stating plainly, and the inference that follows is the authors' own rather than a statement by the agency. The federal statistical system has no dedicated occupational code for on-site leasing consultants. Depending on the employer's reporting practice they are absorbed into real estate sales agents or into property and community management categories, so the published Occupational Employment and Wage Statistics series cannot be read as a clean measure of the role (U.S. Bureau of Labor Statistics, 2025). Figures circulating in practitioner literature, including the approximately \$34,000 annual average frequently quoted for Texas, derive from job-board aggregations whose sampling frames are self-selected postings rather than employment records. The figure is plausible as a central tendency for base pay excluding bonuses, and it is used in this paper's illustrative models on that understanding, but it should not be treated as an official statistic.

Incentive Structures

Incentive pay for on-site agents is modest in absolute terms, frequent, and tied to property-level objectives rather than to individual revenue. Table 5 sets out the common

components. What distinguishes this structure from the locator's is not only magnitude but shape: the on-site agent receives a floor that does not depend on traffic, several small outcome-linked increments, and a team component that deliberately internalizes the externality each employee imposes on the others. Lazear's (2000) finding that output rises under performance pay is qualified in exactly this kind of setting by the multitasking problem (Holmström & Milgrom, 1991), since an agent paid only per lease would rationally underinvest in renewals, collections, and resident relations. The observed hybrid is a response to that problem.

Table 5

Common Incentive Components in On-Site Leasing Compensation Plans

Component	Typical amount	Trigger and purpose
New-lease commission	\$50 to \$250 per lease	Executed new lease; the core production incentive
Look-and-lease bonus	\$25 to \$100	Same-day or rapid execution; compresses the decision window and reduces shopping
Renewal bonus	\$25 to \$100	Retention of an existing resident; protects against overweighting new leases
Occupancy or team bonus	\$500 to \$2,500, shared	Property-level occupancy or revenue threshold; internalizes team externalities
Review or satisfaction bonus	\$10 to \$50	Verified resident review or survey score; proxies for service quality
Base wage	Hourly or salaried, approximately \$34,000 to \$42,000 annually in Texas	Unconditional; insures the employee against traffic variance it cannot control

Note. Amounts are practitioner-reported ranges and vary materially by operator, market, and asset class. Non-discretionary bonuses must be included in the regular rate for overtime purposes (29 C.F.R. §§ 778.208, 778.211).

The Non-Rivalry of the Two Payment Streams

The question practitioners actually ask is narrow and answerable: if the community pays a locator fee, does the on-site leasing agent still receive the per-lease bonus? In the ordinary case

the answer is yes, and the reasons are structural rather than customary. The precise claim defended here is the conditional one, because it is the one the evidence supports: a locator fee does not automatically replace, reduce, or fund the on-site agent's bonus, and whether the bonus is owed on a particular lease is determined by the employer's incentive plan and applicable wage law rather than by the presence of a referral.

The two obligations arise under different instruments. The locator fee arises under an agreement between the owner or its management company and a licensed brokerage, and it is owed to the brokerage. The bonus arises under the employer's incentive plan, and it is owed to the employee. Neither instrument references the other. The two are also charged to different budget lines, approved through different processes, and reported under different tax regimes, as Table 6 sets out. An accounts payable clerk processing a brokerage invoice and a payroll administrator processing a bonus are, in the ordinary case, working in different systems on different cycles.

Functionally, the two payments compensate different contributions, as the funnel decomposition in Figure 1 makes explicit. The on-site agent's bonus is earned by performing the property-level leasing functions, and those functions were performed in full whether or not a locator was involved. Indeed the on-site workload is frequently lower on a located lease, because the prospect arrives pre-qualified as to budget, timing, and preferences, which is a benefit to the employee rather than a deprivation.

Two qualifications are warranted, since overstating the point would be as misleading as the error it corrects. First, entitlement to the bonus depends on the employer's plan documents, and an operator could in principle write a plan that reduced or excluded the bonus on referred leases. Such provisions are uncommon and are generally regarded as counterproductive, because

they give on-site staff an incentive to suppress or misattribute referrals, which degrades the attribution data the operator needs to evaluate its own marketing spend. Second, locator fees do affect the on-site team indirectly where property-level bonuses are computed on net operating results, since the fee is an expense. That is an aggregate effect on a shared pool, not a transfer from the employee's per-lease bonus, and it operates identically for every other marketing expenditure.

Table 6*Legal, Accounting, and Tax Treatment of the Two Payment Streams*

Attribute	Locator referral fee	On-site agent bonus
Governing instrument	Referral or locator agreement with the sponsoring broker	Employer's written incentive or bonus plan
Obligor and obligee	Owner or manager owes the brokerage	Employer owes the employee
Expense classification	Marketing and advertising; customer acquisition cost	Wages and employee incentive compensation
Processing path	Accounts payable against a brokerage invoice	Payroll cycle
Tax reporting	Not wages; information reporting depends on the payee's tax classification and the payment	Wages subject to withholding (Form W-2)
Employment law exposure	None; the locator is not an employee	FLSA regular-rate and overtime implications; Texas Payday Law protection
Effect of the other payment	None	No automatic effect; entitlement is set by the employer's plan terms

Note. FLSA = Fair Labor Standards Act. Payments to corporations, including limited liability companies treated as C or S corporations, are generally excepted from Form 1099-NEC and Form 1099-MISC reporting (26 C.F.R. § 1.6041-3(p); Internal Revenue Service, 2026). The row states the governing question rather than a universal outcome.

Evaluating a Locator Fee Against Vacancy Costs

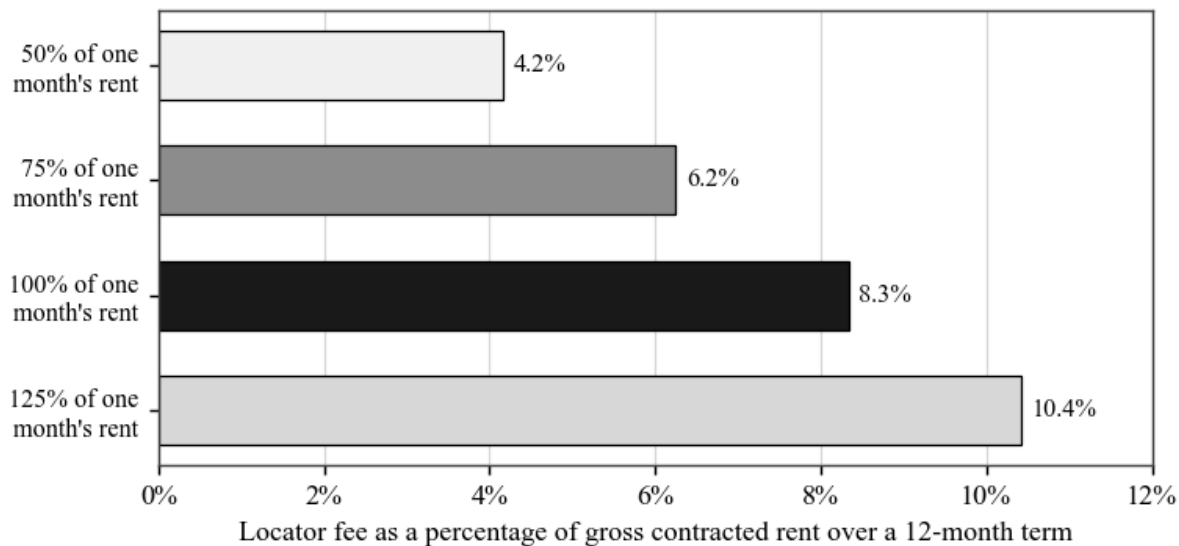
A fee equal to a full month's rent strikes many observers as disproportionate, and the intuition behind that reaction is worth taking seriously before it is corrected. The reaction treats the fee as a share of the first month's revenue, where it is nearly all of it. The correct comparison is to the contracted revenue of the tenancy and to the cost of the counterfactual, which is vacancy.

The Fee as a Share of Contracted Revenue

On a twelve-month lease, a fee of one month's rent is 8.3% of gross contracted rent. At 50% of a month it is 4.2%, and at 125% it is 10.4%. Figure 5 displays the range. Expressed this way the fee is comparable to, and frequently below, the blended acquisition cost of conventional channels once their failure rates are accounted for, because listing subscriptions and paid media are paid irrespective of outcome while the locator fee is paid only on a closed and occupied lease. The relevant comparison is therefore between a certain cost per impression and a contingent cost per outcome, which is the comparison that customer equity reasoning is designed to make (Gupta et al., 2004).

Figure 5

Locator Fee as a Percentage of Gross Contracted Rent Over a 12-Month Term



Note. Computed as the fee rate divided by 12. The calculation excludes renewal revenue and therefore understates the denominator for tenancies that extend beyond the initial term.

Vacancy-Day Equivalence

The sharper comparison is to vacancy. A vacant unit forgoes approximately one thirtieth of a month's rent for each day it remains unleased. A fee of one month's rent is therefore equivalent in value to about 30.4 vacant days, a fee of 75% to about 22.8 days, and a fee of 50% to about 15.2 days. Figure 6 presents the equivalence.

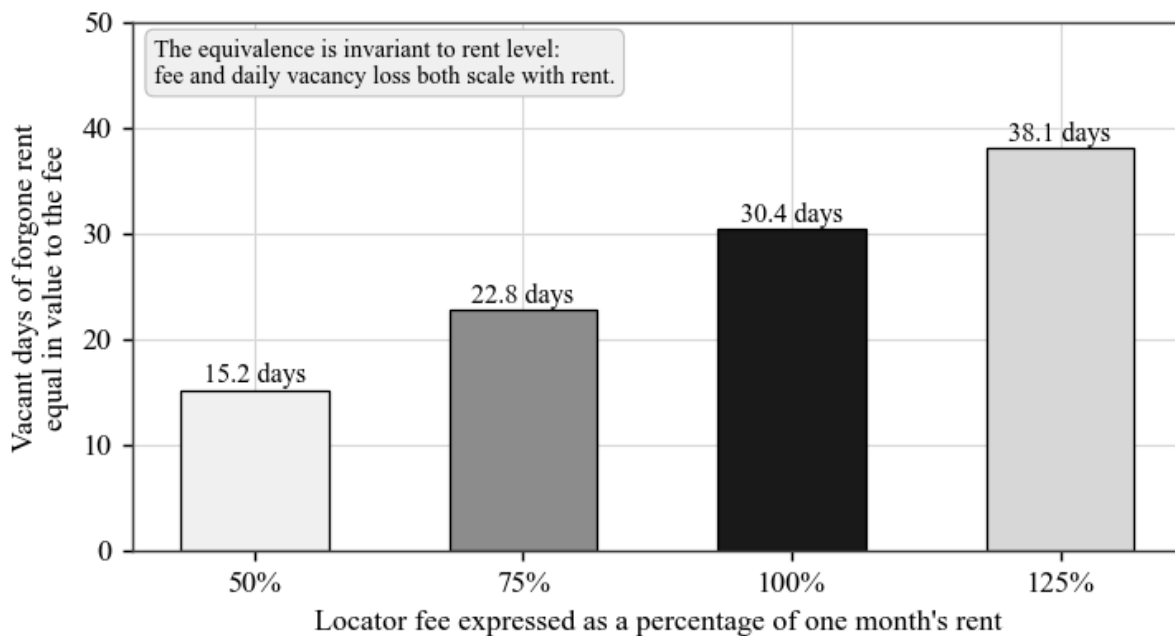
The analytically interesting property of this calculation is its invariance. Because both the fee and the daily vacancy loss scale linearly with contract rent, the rent term cancels, and the breakeven number of days depends only on the fee rate. Formally, if the fee is k times monthly rent R and the daily vacancy loss is R divided by 30.44, then the breakeven day count is $30.44k$ for every value of R . The implication for operators is that the break-even threshold does not vary

with rent level at all. It reduces to a single empirical question: whether the channel accelerates leasing by more than 30.44k days relative to the counterfactual.

What the identity does not do is answer that question, and the distinction is easy to lose. A fee equal to 30 days of gross rent is not evidence that a locator saves 30 days. Establishing that would require measuring the incremental effect of the channel on days-to-lease against a credible counterfactual, and netting out the leases that would have closed anyway, the concessions granted alongside the fee, turnover costs, and the spend on other channels that the referral displaces rather than adds to. None of those quantities is measured here or, so far as the authors are aware, published anywhere. The identity should therefore be read as a break-even test that an operator can apply to its own data, not as a demonstration that locator fees are generally efficient.

Figure 6

Vacant Days of Forgone Rent Equivalent to the Locator Fee, by Fee Rate

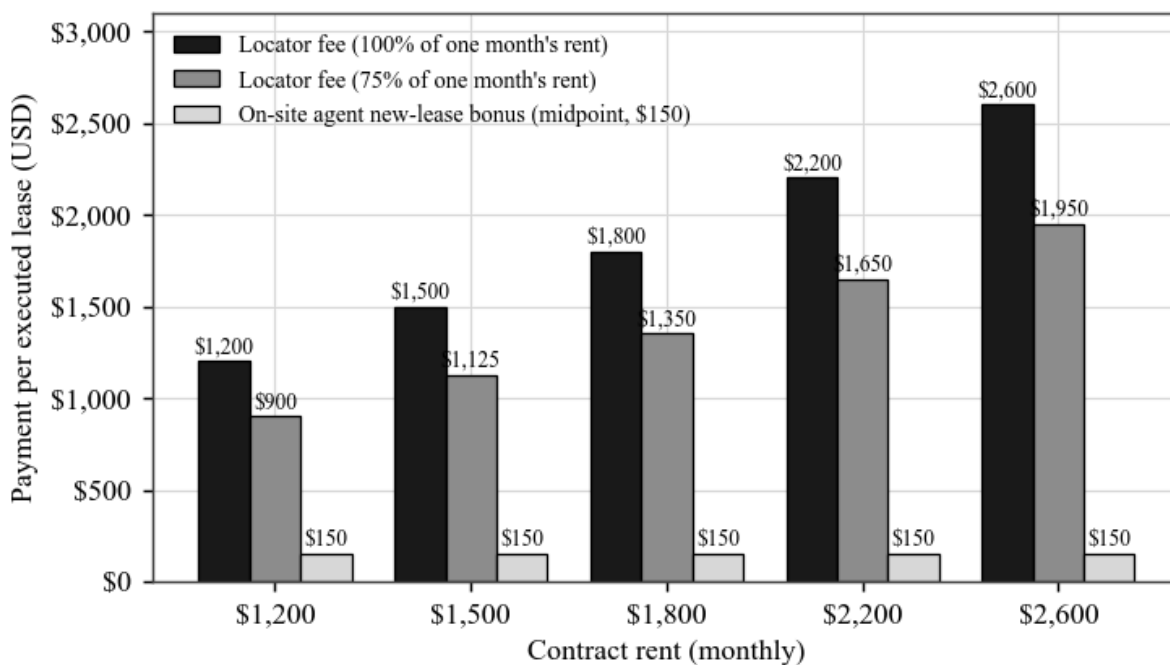


Note. Daily vacancy loss is computed as monthly contract rent divided by 30.44, the mean days per month. The equivalence is independent of rent level because fee and daily loss both scale

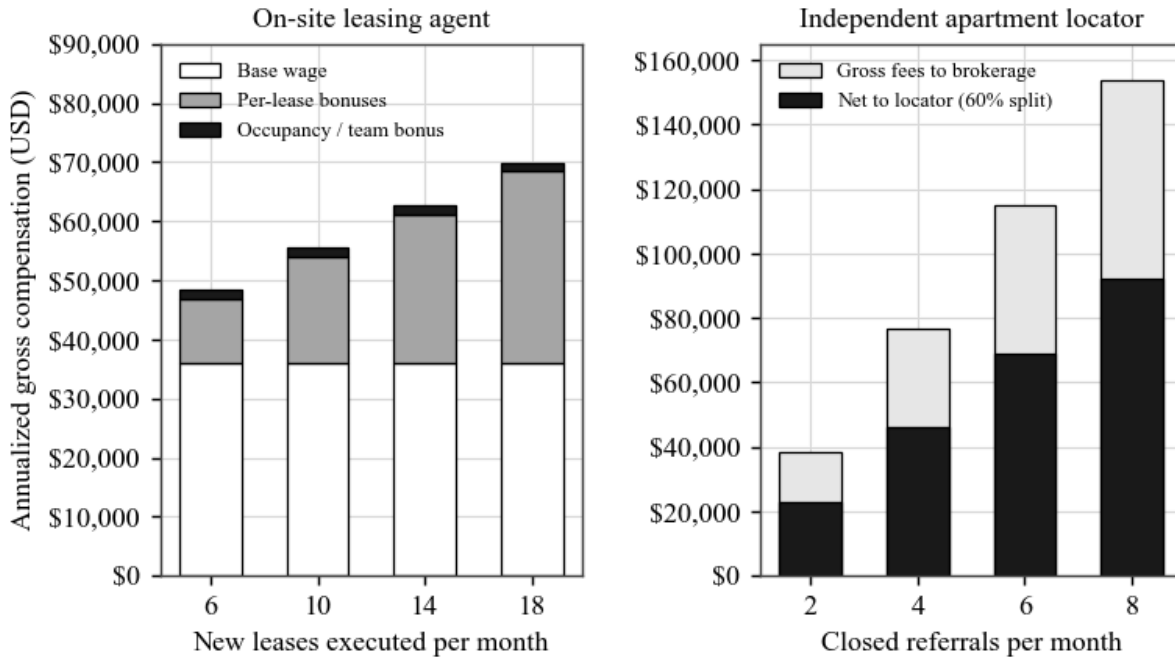
with rent. The calculation omits turnover costs, concession amortization, and the option value of renewal, each of which raises the true cost of vacancy and therefore strengthens the result.

Magnitude Relative to the On-Site Bonus

Figure 7 places the two per-lease payments side by side across a range of Texas rents. The locator fee exceeds the on-site bonus by roughly an order of magnitude, and the gap widens with rent because the fee is proportional while the bonus is flat. This is the observation that generates the sense of unfairness, and it is also the observation that agency theory explains most cleanly. The locator bears the full cost of every unconverted prospect, carries licensure and brokerage overhead, receives no wage, and forfeits the entire fee if any one of the conditions in Table 3 is not met. The on-site agent bears none of those risks and holds a wage that is paid whether or not anyone walks through the door. Once the two are compared on a risk-adjusted rather than a nominal basis, as Figure 8 begins to do by annualizing both, the per-lease disparity is less striking than it first appears. The convergence in Figure 8 is a property of the assumptions listed in the Appendix rather than a finding about what typical workers in either role actually earn.

Figure 7*Per-Lease Payment to Each Party by Contract Rent Level*

Note. The on-site bonus is shown at the \$150 midpoint of the commonly reported \$50 to \$250 range. Locator fees are shown gross of the brokerage split; the single practitioner source cited reports that brokerages commonly retain 30% to 50%, leaving 50% to 70% to the individual locator (RaiderX, 2026).

Figure 8*Annualized Gross Compensation Composition by Production Volume*

Note. Left panel assumes a \$36,000 base wage, a \$150 per-lease bonus, and a \$1,500 annual team bonus. Right panel assumes an average contract rent of \$1,600, a fee of 100% of one month's rent, and a 60% brokerage split to the locator. Neither panel deducts the locator's unreimbursed business expenses, self-employment tax, or licensure costs, nor the on-site agent's forgone overtime; the comparison is gross and illustrative.

Anatomy of the Misunderstanding

It is useful to separate the single folk belief into the four distinct propositions it actually contains, because they fail for different reasons.

The first proposition is that the locator performs the on-site agent's work. The funnel decomposition refutes this directly. The locator performs no stage that requires custody of the asset or authority to bind the owner, and is legally incapable of doing so.

The second proposition is that the locator is paid for closing the lease. This confuses the trigger of a payment with its subject. Closed occupancy is the condition that verifies the referral, not the service being purchased. The fee compensates procuring cause, which is why it is forfeited when attribution fails even though the lease closed, and why it is paid in full when attribution holds even though the locator's involvement was brief.

The third proposition is that the locator fee comes out of the on-site agent's compensation. This is an accounting error, and Table 5 resolves it. The two payments occupy different budget lines, different approval paths, and different tax regimes.

The fourth proposition is that the fee is excessive. This is an evaluative claim rather than a factual one, and it depends entirely on the denominator chosen. Against the first month's rent the fee looks enormous. Against twelve months of contracted revenue it is 8.3%. Against the cost of a month of vacancy it is approximately break-even. Against a certain-cost channel with an unobserved failure rate it may be cheap. The proposition is not so much wrong as underspecified.

Limitations, Data Quality, and the Status of the Evidence

Claims of different kinds appear in this paper, and they are not equally well supported. Treating them as though they were would be the paper's most likely failure mode, so the distinctions are drawn explicitly here and summarized in Table 7.

The legal claims rest on statutory text and on the regulator's published guidance, and each has been checked against the primary source rather than against secondary description. Where a commonly repeated proposition proved to be broader than its statute, as with the written agreement requirement discussed earlier, the paper states the narrower rule the text actually supports. This is a research review and not a legal opinion, and a Texas real estate attorney should confirm the analysis before any of it is relied upon in a dispute.

The arithmetic claims, principally the vacancy-day equivalence, are identities. They follow from their stated assumptions and are true of any property those assumptions describe. They say nothing about whether the assumptions hold, and in particular they do not establish that the locator channel earns its fee at any given property.

The market claims are the weakest, and deliberately so, because the evidence does not exist to make them stronger. No federal or state statistical program measures locator fees. There is no sampling frame, no published distribution, and no public administrative dataset. The ranges reported here rest on a single practitioner source whose evidentiary basis is professional familiarity rather than measurement, and which does not separate the major Texas metropolitan markets. An earlier draft of this paper attributed the same ranges to three trade sources. On verification two of them could not be substantiated, one because no such publication could be located and one because the organization named publishes in a different line of business and carries no such article, and both were withdrawn. The reader should weigh the fee ranges accordingly: they are a single participant's account of market convention, corroborated by nothing. They are informative about what arrangements exist and silent about how common each is. The same caution applies with greater force to the bonus ranges in Table 5 and to the base wage discussed above, where the absence of a dedicated occupational classification compounds the problem.

The figures are therefore models, not findings. Each is generated from assumptions recorded in the Appendix, and each is labeled accordingly. Figure 3 uses stipulated survival rates to demonstrate how conjunctive conditions compound; its percentages are not measurements, and the figure supports no claim about how often referrals are paid in Texas. Figure 8 shows that annualized totals converge under one set of assumptions, which is a statement about those

assumptions and not about typical earnings. The vacancy-day equivalence in Figure 6 is the one quantitative result robust to the data problem, because it is an algebraic identity that depends on no empirical parameter other than the fee rate itself, and even there the identity establishes a threshold rather than a conclusion.

One further caution concerns the scholarly literature cited throughout. Works such as Holmström (1979) on monitoring, Poppo and Zenger (2002) on relational governance, and Hsieh and Moretti (2003) on brokerage commissions are cited for the general mechanisms they establish, and those mechanisms are well supported. None of them studied Texas apartment locators. They explain why a compensation structure of this shape is intelligible; they do not verify any particular figure reported here, and should not be read as doing so.

A measurement agenda follows naturally. Property management systems already record referral source, registration date, execution date, move-in date, and fee paid for every lease. A consortium of operators could produce, at low marginal cost, the first defensible estimates of locator fee distributions, conditional conversion rates at each gate in Figure 3, and the incremental effect of locator channels on days-to-lease. Until something of that kind exists, claims about this market, including the claims in this paper, should be understood as structurally sound and numerically provisional.

Table 7

Evidentiary Status of the Paper's Principal Claims

Claim	Kind of claim	Basis and what would be needed to strengthen it
Locators must be licensed; on-site employees are exempt when leasing the owner's property	Statutory	Tex. Occ. Code §§ 1101.002(6), 1101.351(a), 1101.005(7)–(8); confirmed by TREC guidance
A license holder may not pay an unlicensed person for a lessee referral	Statutory and regulatory	Tex. Occ. Code § 1101.652(b)(11); TREC guidance on rebates and referrals

Claim	Kind of claim	Basis and what would be needed to strengthen it
No statute categorically bars recovery of an unwritten lease referral fee	Statutory	Tex. Occ. Code § 1101.806(c) is limited to sale or purchase; Tex. Bus. & Com. Code § 26.01(b) does not reach lease commissions. Case law was not surveyed; counsel should confirm
The two payments arise under separate instruments and budget lines	Structural and accounting	Follows from the governing documents and from ordinary accounting practice; an audit of operator ledgers would make it an empirical finding
A locator fee does not automatically reduce the on-site bonus	Conditional	True unless the employer's incentive plan provides otherwise; a survey of plan documents would establish how often any do
A fee of one month's rent equals about 30 vacant days, invariant to rent	Arithmetic identity	Follows from the stated assumptions; nothing further is needed, and nothing further is established
The locator channel is worth its fee	Not established	Would require the incremental effect on days-to-lease against a counterfactual, net of deadweight referrals, concessions, turnover cost, and displaced channel spend
Fee levels of 50% to 100% of one month's rent	Practitioner-reported	One trade source with no disclosed sampling frame, and that source names no modal rate within the band; a probability sample or an operator data consortium would be required
Fewer than half of registered referrals are paid	Not claimed	Figure 3 stipulates survival rates to illustrate compounding; no measurement of Texas referral outcomes is known to the authors

Note. The table is offered so that a reader may adopt the legal and structural analysis without adopting the market figures, which rest on weaker evidence. TREC = Texas Real Estate Commission.

Practical Implications

For Operators

Treat the locator fee as a channel with a known contingency structure and evaluate it on cost per occupied lease rather than cost per lead, which is the only basis on which a contingent channel can be compared with a certain-cost one. Write incentive plans that pay the on-site bonus on referred leases, since any provision to the contrary corrupts the attribution data the marketing function depends on. State the referral window and the invoicing deadline in the brokerage agreement rather than leaving them to custom, because a written record of those terms is ordinarily what makes the obligation provable, whether or not any statutory writing requirement applies.

For Locators and Sponsoring Brokers

The conditions in Table 3 are a common operational checklist rather than a universal legal rule, and where they apply they are the operating discipline of the role. Register before the tour, confirm registration in writing, record brokerage and license details completely, diarize the referral window, confirm occupancy rather than execution, and invoice inside the deadline. Because the fee is all or nothing, process failure is the dominant controllable risk, and it is administrative rather than commercial.

For Renters

The locator's service is free to the renter, and the renter does not pay more to the community for using one. The relevant diligence is confirming that the locator is licensed and sponsored, and that the referral has in fact been registered before the first tour, since an unregistered referral costs the renter nothing but silently deprives the locator of any compensation for the work performed.

Conclusion

The distinction between the apartment locator and the on-site leasing agent is not a matter of professional etiquette. It is written into the licensing statute, which requires a license of one and exempts the other; into the flow of funds, which typically charges one to marketing and the other to payroll; into the tax code, which treats one as a business receipt of a vendor and the other as wages; and into the division of labor, which gives one the market and the other the asset. The two payments are not rivals for one pool of money. A community that pays a locator fee does not thereby discharge what it owes its on-site employee, and nothing in the locator's entitlement operates on the employee's. What the employee is owed on any given lease remains a question for the incentive plan, which is where that entitlement is created and where an operator intent on reducing it would have to say so expressly.

What the fee actually buys is procuring cause, evidenced by a documentary chain that must ordinarily survive each condition the property's referral policy and the brokerage agreement impose before any money changes hands. That structure, where it applies, explains both the size of the fee and the frequency with which it is forfeited, and it dissolves the complaint that the locator is paid for someone else's work. The locator is paid for a verified match, at a price that is approximately equal to a month of vacancy, under a contract that pays nothing at all when the match cannot be proven. Understanding that structure is what allows operators to budget honestly, brokerages to manage process risk, on-site employees to stop regarding locators as competitors for their bonus, and renters to use a free service without suspecting a hidden charge.

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Appendix

Assumptions Underlying the Illustrative Models

Every quantitative exhibit in this paper is generated from the assumptions below. None is an estimate from a probability sample, and each should be varied by the reader against local conditions.

Table A1

Parameter Assumptions by Figure

Figure	Parameter	Value used	Basis
1	Responsibility shares	Author coding across eight funnel stages	Conceptual decomposition of ordinary practice, not measured time
3	Gate survival rates	88%, 84%, 82%, 92%, 95%, 92%, 94% sequentially	Illustrative values selected to demonstrate conjunctive compounding
4	Protection coding	Primary, partial, or no material effect	Author mapping of each practice to the condition it protects
5, 6	Fee rates	50%, 75%, 100%, 125% of one month's rent	Practitioner-reported band, extended above 100% for lease-up conditions
6	Days per month	30.44	Mean calendar days per month (365.25 / 12)
7	Contract rents	\$1,200; \$1,500; \$1,800; \$2,200; \$2,600	Spread chosen to span conventional Texas metropolitan rents
7	On-site bonus	\$150 per lease	Midpoint of the reported \$50 to \$250 range
8	Base wage	\$36,000 annually	Rounded from practitioner aggregations; no official series exists for the role
8	Team bonus	\$1,500 annually	Midpoint of the reported shared-bonus range
8	Average rent and split	\$1,600 rent; 60% brokerage split to the locator	Midpoint of the 50% to 70% range implied by the single practitioner source cited

Note. Figure 2 is schematic and contains no numeric parameters. The vacancy-day equivalence in Figure 6 is an algebraic identity and is insensitive to the rent assumption.

A closing note on interpretation. Specific fee rates, bonus amounts, referral windows, and invoicing deadlines vary by property, management company, market condition, and the terms of the individual brokerage agreement. The figures presented throughout this paper represent commonly reported ranges in the Texas multifamily market as of 2026 and are offered for analytical orientation rather than as measurements. Nothing in this paper constitutes legal, tax, or accounting advice. The statutory analysis was verified against primary sources and against the regulator's published guidance, but case law was not surveyed, and a Texas real estate attorney should review the commission and referral-fee discussion before it is relied upon in a dispute or presented as legal guidance. Tax characterization likewise depends on facts specific to the payee and should be confirmed with a tax adviser.