

BROKERAGE POLICIES, PROCEDURES & COMPLIANCE MANUAL

Pivot Real Estate Company

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Designated Broker: Christopher Zakraysek • TREC Firm License #9010873-BB • Designated Broker License
#718071-B

Phone: 254-500-3399 • Email: hello@pivotrealestatecompany.com

Confidential — For Internal Use by Sponsored Sales Agents Only

1. Independent Contractor Relationship & Scope of Authorized Activities

All sales agents sponsored by Pivot Real Estate Company are independent contractors and not employees of the brokerage or the Designated Broker.

Scope of Authorized Activities

Sales agents sponsored by Pivot Real Estate Company are authorized to engage in real estate brokerage activities permitted under the Texas Real Estate License Act and TREC rules. This generally includes assisting clients with the purchase, sale, and lease of residential real property. The following activities require prior written approval from the Designated Broker before an agent may proceed:

- Commercial real estate transactions
- Farm, ranch, or land transactions
- Property management activities
- Transactions involving new construction (builder contracts)
- Transactions located in a geographic market or property type where the agent lacks sufficient experience or competency (see Section 2)
- Any transaction involving atypical financing, lease options, owner financing, or complex legal structures

All agreements for brokerage services must be executed in the name of Pivot Real Estate Company.

Unlicensed Administrative Staff — Permitted and Prohibited Activities

Pivot Real Estate Company uses unlicensed administrative staff and assistants to support the Designated Broker. Unlicensed staff work under the Broker's direction and **may not perform any act requiring a real estate license**. Every sponsored agent and every staff member is responsible for knowing this division.

Unlicensed staff MAY:

- Answer the phone, route calls, and schedule appointments at the direction of a license holder.
- Prepare, assemble, transmit, and file documents and forms drafted or approved by a license holder.
- Enter listing data supplied by a license holder into the MLS or brokerage systems.

- Produce marketing materials, flyers, social posts, and advertising approved in advance by the Designated Broker.
- Coordinate closing logistics, inspections, repairs, photography, and vendor scheduling.
- Order title work, gather documents, and track deadlines and checklists.
- Relay factual, publicly available information already approved by a license holder (for example, a published list price or a scheduled open-house time).
- Perform bookkeeping, invoicing, and general office administration.

Unlicensed staff MAY NOT:

- Show property, host an open house where questions may be asked, or provide access to property for a showing.
- Discuss, explain, negotiate, or advise on price, terms, offers, counteroffers, or contract provisions.
- Answer substantive questions about a listing, a transaction, financing, condition, value, or market conditions.
- Prepare or independently complete a listing agreement, representation agreement, offer, addendum, or CDA.
- Perform a comparative market analysis or broker price opinion, or give any opinion of value.
- Solicit or prospect for clients, or independently respond to a lead in a way that involves brokerage advice.
- Hold themselves out as an agent, REALTOR®, associate, specialist, or advisor, or use any title implying licensure.
- Receive, hold, or disburse trust money, earnest money, or commissions.
- Be paid any commission, per-transaction bonus, or compensation contingent on a transaction closing.

Escalation. If any inquiry moves beyond scheduling, document handling, or the relay of already-approved factual information, unlicensed staff must **stop and refer the matter to the Designated Broker** without offering an opinion. When in doubt, refer.

Titles and identification. Unlicensed staff may be identified only by unambiguous administrative titles such as *Transaction Coordinator*, *Operations*, or *Marketing*. They must not be named or pictured in any context implying they are license holders or can represent clients.

Compensation. Unlicensed staff are paid by salary, hourly wage, or flat fee only — never a commission split, per-transaction bonus, or any payment contingent on the outcome of a transaction.

Supervision and audit. The Designated Broker approves all advertising produced by staff, reviews staff communications on request, and retains responsibility for all brokerage activity. Any suspected unlicensed activity must be reported to the Designated Broker immediately.

Errors & Omissions (E&O) Insurance

Pivot Real Estate Company maintains a **blanket Errors & Omissions policy covering the brokerage and its sponsored sales agents**, with the cost included in the monthly sponsorship fee.

Agents are **not** required to purchase or maintain their own separate E&O policy while sponsored, and **are welcome to purchase additional or supplemental coverage** at their own expense. Coverage is subject in all respects to the terms, conditions, limits, exclusions, deductible or retention, and claims-reporting requirements of the policy in effect from time to time, and does not extend to activities outside the agent's sponsored brokerage activity with Pivot. Agents must report any claim, demand, or circumstance that could give rise to a claim to the Designated Broker immediately. A summary or certificate of coverage is available on request; direct questions about scope of coverage to the Designated Broker.

2. Brokerage Policies & Procedures (TREC §535.2 Compliance)

Pivot Real Estate Company maintains written policies and procedures as required by TREC Rule §535.2. These policies ensure that:

- Every sponsored sales agent is advised of the scope of their authorized activities and maintains competency to conduct those activities, including geographic competency.
- Every sponsored sales agent maintains an active license status while engaging in activities subject to the Act.
- All compensation for brokerage services is paid by, through, or with the written consent of the sponsoring broker.
- Agents receive timely notice of changes to the Texas Real Estate License Act, TREC rules, and promulgated contract forms.
- Agents receive appropriate coaching and education, including a minimum of coaching from an experienced license holder the first three times they perform a new type of brokerage activity (TREC Rule §535.2(i)(5)).
- All advertising complies with TREC rules.
- Proper controls exist over trust funds.
- Required records are maintained for the minimum period required by TREC.

Geographic & Subject-Matter Competency

Pivot Real Estate Company is based in the Temple/Belton area of Central Texas but sponsors and supports sales agents throughout the State of Texas, including agents located in and serving all major Texas metropolitan areas. Agents are expected to develop and maintain reasonable competency in the specific geographic market(s) and property types in which they conduct business. When an agent represents a client in a geographic area or property type where they lack sufficient experience, the agent must:

- Disclose their relative level of expertise to the client, and
- Seek guidance from the Designated Broker or associate with a more experienced agent when appropriate.

3. Compensation Policies & Fees

All compensation earned for real estate brokerage services must be paid to or through Pivot Real Estate Company. Agents may not accept compensation directly from any client, cooperating broker, or other source without prior written consent from the Designated Broker.

Flat-Fee Model

Pivot Real Estate Company is a flat-fee brokerage and does not take a percentage split of the agent's commission. Instead, the agent pays fixed, published fees (a monthly sponsorship fee and a per-transaction fee). After paying any commission owed to the cooperating broker or other side of a transaction, and after deduction of the applicable flat per-transaction fee, the sponsored agent retains the full remaining commission.

Monthly Sponsorship Fee

Each active sponsored sales agent is responsible for a monthly sponsorship fee of **\$99**, payable to Pivot Real Estate Company. This fee includes E&O insurance coverage for the agent's brokerage activities under Pivot (see Section 1) and is due regardless of the agent's transaction volume in any given month. A one-time, non-refundable onboarding fee of \$100 applies at the start of sponsorship.

Per-Transaction Fees

In addition to the monthly sponsorship fee, agents are responsible for a per-transaction fee on each closed sale. Transaction fees are tiered based on the agent's **cumulative (lifetime) number of closed sales completed while sponsored by Pivot Real Estate Company**. The count does not reset — not on any calendar date and not for any other reason. As an agent's lifetime closings grow, the fee steps down and never increases:

Lifetime Closed Sales with Pivot	Transaction Fee
1 – 5	\$300 per closed sale
6 – 20	\$200 per closed sale
21 or more	\$100 per closed sale

Each closed **lease** transaction is charged a flat fee of **\$100** and does not count toward the agent's lifetime sales tier. An agent's lifetime transaction count and fee tier are personal to that agent and are not transferable or assignable to any other agent, team, or entity. Full fee terms are set forth in the Commissions & Fees Addendum, which controls in the event of any conflict with this manual.

Slow-Year Sponsorship Fee Refund

The monthly sponsorship fee covers the brokerage services and support the firm makes available. When an agent closes no sales in a period, fewer transaction-related services are used, so the brokerage refunds part of the fees that agent paid. An agent who completes twelve (12) consecutive months with no closed sales while sponsored by Pivot receives a **\$400 refund of the sponsorship fees paid** during that period, issued by the Designated Broker. This is a standing feature of sponsorship available to every

license holder — not a separate plan, tier, or status — and it changes nothing about the agent’s license, authority, or E&O coverage.

It is a partial refund of fees the agent already paid, not compensation, a bonus, an incentive, or a payment for services, and not based on hours worked. It does not alter the agent’s independent-contractor / statutory-nonemployee status or the principle that substantially all agent compensation is tied to sales output.

Measurement window. The first window runs from the agent’s sponsorship activation date to the first Commission Disbursement Authorization issued to that agent. Each window thereafter runs from one issued CDA to the next.

Closed sales only. Only closed sales count. A closed **lease** is still charged the flat \$100 lease fee, but does not count as a transaction and **does not affect** eligibility for the refund.

Good standing required. The agent must be continuously sponsored throughout the window, current on all fees, and free of unresolved compliance matters when the refund is issued. Twenty-four consecutive months with no closed sales corresponds to two such refunds.

Tracking and issuance. The brokerage tracks each agent’s no-sale window and flags eligibility when a window closes. The Designated Broker confirms eligibility and issues the refund directly to the agent. It is not applied to billing — the agent pays the monthly sponsorship fee normally throughout, and the refund is a partial return of fees already paid.

Non-transferable; forfeited on departure. The refund may not be transferred or assigned, and any refund not yet issued is forfeited if the agent’s sponsorship ends. Full terms are in the Commissions & Fees Addendum, which controls in the event of any conflict with this manual.

Board, MLS & Association Dues

Each sponsored sales agent is solely responsible for the cost of their own Board/MLS membership and dues, as well as any applicable National Association of REALTORS® (NAR) and Texas REALTORS® (TAR) dues.

Nonpayment of Fees

If an agent fails to timely pay the monthly sponsorship fee, the brokerage will issue a written notice to the agent. If an agent receives three (3) such written notices, the agent’s sponsorship with Pivot Real Estate Company will be terminated.

Specific or modified compensation terms for an individual agent, if any, will be documented in a separate Compensation Addendum signed by the agent and the Designated Broker.

4. Advertising, Marketing & Social Media Compliance

All advertising and marketing by sponsored agents must comply with TREC Rules §535.154 and §535.155. The name “Pivot Real Estate Company” must appear in a prominent and conspicuous manner in all advertisements, including but not limited to:

- Business cards
- Yard signs
- Social media posts and profiles
- Websites and landing pages
- Print and digital advertising
- Email signatures

Agents may not advertise in a manner that implies they are operating independently of the brokerage or that misleads the public as to the identity of the broker. Any advertisement that references fees or the flat-fee model must not be misleading and must not obscure that mandatory monthly and per-transaction fees apply. Agents are encouraged to use brokerage-approved templates, logos, and color schemes where available. Any co-branding with outside vendors, teams, or affiliated businesses must be approved in advance by the Designated Broker.

5. Agency Relationships & Information About Brokerage Services (IABS)

Agents must provide the current Information About Brokerage Services (IABS) form at the first substantive communication with a prospective buyer, tenant, seller, or landlord concerning specific real property, as required by Texas Occupations Code §1101.558. Agents must use the most current version of the IABS form. The form is available at: trec.texas.gov/forms/information-about-brokerage-services. Agents must also follow brokerage procedures regarding when written buyer or tenant representation agreements are required.

6. Consumer Protection Notice (CPN)

Pivot Real Estate Company will maintain the current Consumer Protection Notice in a prominent location in any physical office and will provide a clearly labeled link on the homepage of the brokerage website using one of the following phrases:

- “Texas Real Estate Commission Consumer Protection Notice,” or
- “TREC Consumer Protection Notice”

As required by TREC Rule §531.18, the homepage link must be labeled either “Texas Real Estate Commission Consumer Protection Notice” (in at least 10-point font) or “TREC Consumer Protection Notice” (in at least 12-point font) and may not be placed only in the website footer. The current form is available on the TREC website.

7. Transaction Procedures, Record Keeping & File Management

All real estate transactions must be conducted in the name of Pivot Real Estate Company. Agents are required to submit complete and accurate transaction files to the brokerage in accordance with internal procedures and timelines. Agents are responsible for uploading all transaction documents to the Transaction Documents section of the Pivot agent portal before a signed Commission Disbursement

Authorization (CDA) will be issued for the transaction. This requirement ensures the brokerage's transaction files remain complete and compliant with TREC recordkeeping rules (TREC Rule §535.2(h)).

Record Retention

In compliance with TREC Rule §535.2(h), the brokerage will retain required records — including disclosures, commission agreements, substantive communications, compensation records, and sponsorship agreements — for a minimum of four (4) years from the date of closing, termination of the contract, or end of the real estate transaction.

8. Updates to TREC Rules, Laws & Contract Forms

Pivot Real Estate Company will provide timely written notice to all sponsored agents of material changes to the Texas Real Estate License Act, TREC rules, or promulgated contract forms before the effective date. Notice will typically be delivered via email and by distributing an updated version of this manual with a summary of changes. Agents are responsible for reviewing updates and acknowledging receipt when requested.

9. Education, Training & Coaching Requirements

All sponsored sales agents must maintain their license in active status and complete all required continuing education on time. Newly licensed sales agents must complete the required Sales Agent Apprentice Education (SAE) courses plus Legal Update I and II prior to their first license renewal.

Onboarding & Coaching

Upon sponsorship, each new agent will be provided a copy of this manual and will execute a signed acknowledgment (via BoldSign or a similar electronic signature platform) confirming that the agent has received, read, and understands the manual, and agrees to review and acknowledge future versions whenever material changes are made. The brokerage will provide coaching support, particularly for the first three times an agent performs a new type of brokerage activity, as required by TREC Rule §535.2(i) (5). **These coaching occurrences are logged on the agent's record in the brokerage's system** — recording the activity type, the date, and the supervising license holder — so the brokerage can demonstrate compliance and can tell at a glance when an agent has completed the required coaching for a given activity type. The brokerage may offer periodic sales meetings, training sessions, or one-on-one coaching at the discretion of the Designated Broker. Agents are encouraged to attend all scheduled training opportunities.

10. Fair Housing, Professional Conduct & Ethics

All agents must comply with federal and state fair housing laws and conduct all activities in a professional and ethical manner consistent with the Texas Real Estate License Act, TREC rules, and applicable codes of ethics.

11. Termination, Resignation & Change of Sponsorship

Either the agent or the brokerage may terminate the sponsorship relationship. The initiating party must provide immediate written notice to the other party using the TREC Notice of Sales Agent Sponsorship Termination process. The sponsorship must also be terminated promptly in the TREC REALM Portal. Agents must protect the interests of any clients in pending transactions and cooperate with the orderly transfer of files and information. Any transaction that is under contract or otherwise in progress at the time of an agent's termination or change of sponsorship shall remain the property of, and be completed under, Pivot Real Estate Company. A departing agent's entitlement, if any, to compensation on such transactions will be governed solely by the terms of the agent's Commissions & Fees Addendum and any separate written agreement with the Designated Broker.

12. Response Requirements

The Designated Broker or a delegated supervisor will respond to sponsored sales agents within two (2) calendar days on matters related to their sponsored activities, in accordance with TREC Rule §535.157 (incorporated into the broker-responsibility requirements of TREC Rule §535.2).

Appendices & Resources

- Current IABS form: trec.texas.gov/forms/information-about-brokerage-services
- TREC website (forms, rules, license search, REALM Portal): www.trec.texas.gov
- All current TREC promulgated contract forms and addenda

Document Control. This manual is the property of Pivot Real Estate Company. The most current version will be maintained by the brokerage and distributed to all sponsored agents upon any material update.

This manual is provided for informational purposes to sponsored agents of Pivot Real Estate Company and does not constitute legal advice. The brokerage recommends periodic review by qualified legal counsel to ensure continued compliance with applicable federal, state, and local law.

Acknowledgment & Receipt of Manual

By signing below, I acknowledge that I have received, read, understand, and agree to comply with the current version of the Pivot Real Estate Company Brokerage Policies, Procedures & Compliance Manual. I understand that this manual may be updated from time to time and that I will be notified of material changes.

Agent Name (Print): _____

License #: _____

Signature: _____

Date: _____