

Case Study: Zone 1 Transaction - Leveraging Personal Relationships for Greater Earnings

The Situation

Agent Heather has a well-established personal network and frequently meets up with old friends. During a community yoga session, she reconnects with her college friend, Sarah, who mentions she's looking for a new home. Heather quickly arranges a meeting to discuss Sarah's requirements.

Actions Taken

- Initial Consultation: Heather and Sarah have a smoothie together and discuss Sarah's housing needs, budget constraints, and ideal neighborhoods.
- Property Search: Using REcolorado and Brivity, Heather compiles a customized list of suitable homes.
- Viewings: Over two weeks, Heather guides Sarah through multiple home viewings.
- Offer and Negotiation: Sarah finds her dream home, and Heather handles the offer and closing process skillfully.

Financials

- Close Price: \$700,000
- Gross Transaction Earnings: 2.8% of \$700,000 = \$19,600
- Zone 1 Agent Compensation: 50% of \$19,600 = \$9,800

Fees Covered by the Team

- Real Cap: A 15% deduction is made from the team's share of the transaction revenue until the \$4,000 annual cap is met. This deduction doesn't affect the individual agent's earnings.
- Brokerage Fees: For an agent's first three closings each calendar year, a \$250 fee is owed to Real. The team's earnings, not the individual agent, covers this fee.
- Real Transaction Fee: \$285
- \$30 BEOP fee: This fee is for broker review, E&O insurance, and processing, and is paid by the team on behalf of the agent on every transaction.

Agent Expenses

- Gas for Showings: Approximately \$60
- Miscellaneous: Roughly \$40 (Smoothies, Printing, etc.)

- Total Expenses: \$100

Net Profit

- Zone 1 Agent Compensation: \$9,800
- Less Expenses: \$100
- Agent Net Profit: \$9,700

Why This Is a Zone 1 Transaction

Heather generated this lead solely through her personal network,, thereby qualifying for a 50% compensation rate.

Key Takeaways

Zone 1 transactions reward your entrepreneurial spirit and networking skills.
You reap significant financial benefits since you are the business creator.
The value of personal relationships in real estate is highly impactful.

For agents like Heather, Zone 1 transactions are lucrative, yielding substantial compensation with minimal expenses. Your personal network is a valuable asset.