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# Where To Find An Extra \$1,000,000 In Your Realtor Business (Part 2)

Rob Drum · January 31, 2020

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Since EXPI started trading, it's up 1,008%. The S&P 500 is up 80.52% over that same time.

In the [first part](http://robdrum.us/where-to-find-an-extra-1000000-in-your-realtor-business-part-1/) (<http://robdrum.us/where-to-find-an-extra-1000000-in-your-realtor-business-part-1/>) of this series we looked at projections for part-time agents in eXp Realty's equity and revenue sharing programs.

In this post, we'll take a closer look at high performing agents. This is where the numbers really get good.

As you'll see, agents reaching **"Capped"** status and **"Icon"** status have the potential to do really well through these programs.

As a reminder, the three key components of the program are:

1. Revenue Sharing – A percentage of company revenue that goes back to the agents who sponsored other agents into the company. Put simply, a recruiting incentive.
2. Discounted Stock Purchases – Agents buy shares of our stock (EXPI) at a 10% discount to the market price.
3. Stock Awards – Shares of EXPI are given to agents as performance incentives.

Does that sound like a lot of jargon? I thought so too. That's what inspired this series of posts. We need to look at these programs in action!

Here are the assumptions we're using to make projections.

## **Assumptions**

I tried to be extremely conservative in these. The future could play out better. It could play out worse. Here are the assumptions I made across all simulations.

1. **Every realtor's business stays at the exact same production level for 10 years. It never grows.**
2. **The eXp compensation model stays the same for 10 years. We'll have some minor tweaks, but I believe the key parts will stay the same.**
3. **We'll assume eXp is not the fastest growing real**

estate company in history. The stock simply grows with the market at 10% per year.

4. Every agent takes advantage of the opportunity to invest 5% of their earned commissions in our stock purchased at a 10% discount. Since they're getting better splits than their old brokerage, they invest the difference.
5. Across all agents in a revenue sharing group, the percentage of commissions paid out will equal 3%. It's a simplification of the model, but should get us close enough

Here's what it looks like for a full-time agent.

## Full-Time Agent

About this agent:

- They sell around \$3 million of real estate per year.
- Their gross commissions equal \$80,000 per year.
- They attract 1 agent to the company each year.
- Among the agents they attract, 2 additional agents are attracted each year.
- All the agents in their organization average 40,000 in commissions.

How does revenue share look for them over 10 years?

Revenue Share Model For Capping Agent						
Year	Agents Attracted	Attracted GCI	Attracted Added	Group Total Agents	Avg Share	Rev Share
2020	1	\$40,000	0	1	3.00%	\$1,200
2021	1	\$40,000	2	4	3.00%	\$4,800
2022	1	\$40,000	2	7	3.00%	\$8,400
2023	1	\$40,000	2	10	3.00%	\$12,000
2024	1	\$40,000	2	13	3.00%	\$15,600
2025	1	\$40,000	2	16	3.00%	\$19,200
2026	1	\$40,000	2	19	3.00%	\$22,800
2027	1	\$40,000	2	22	3.00%	\$26,400
2028	1	\$40,000	2	25	3.00%	\$30,000
2029	1	\$40,000	2	28	3.00%	\$33,600
						\$174,000

- \$174,000 in revenue share earned over 10 years.

- \$33,600 in minimum revenue share projected for each year going forward.

How do their discounted share purchases look?

Discount Share Purchases For A Capping Agent				
Year	Discount Stock	Value Purchased	Annual ROI	Cumulative Value
2020	\$4,000	\$4,444	10.00%	\$4,889
2021	\$4,000	\$4,444	10.00%	\$10,267
2022	\$4,000	\$4,444	10.00%	\$16,182
2023	\$4,000	\$4,444	10.00%	\$22,689
2024	\$4,000	\$4,444	10.00%	\$29,847
2025	\$4,000	\$4,444	10.00%	\$37,721
2026	\$4,000	\$4,444	10.00%	\$46,382
2027	\$4,000	\$4,444	10.00%	\$55,909
2028	\$4,000	\$4,444	10.00%	\$66,389
2029	\$4,000	\$4,444	10.00%	\$77,916

- They now have shares worth **\$77,916**

How do their share awards look?

Stock Awards For A Capping Agent						
Year	First Transaction	Capping	Sponsoring New Agent	Total Value	Annual ROI	Cumulative Value
2020	\$200	\$400	\$400	\$1,000	10.00%	\$1,100
2021	\$200	\$400	\$400	\$1,000	10.00%	\$2,310
2022	\$200	\$400	\$400	\$1,000	10.00%	\$3,641
2023	\$200	\$400	\$400	\$1,000	10.00%	\$5,105
2024	\$200	\$400	\$400	\$1,000	10.00%	\$6,716
2025	\$200	\$400	\$400	\$1,000	10.00%	\$8,487
2026	\$200	\$400	\$400	\$1,000	10.00%	\$10,436
2027	\$200	\$400	\$400	\$1,000	10.00%	\$12,579
2028	\$200	\$400	\$400	\$1,000	10.00%	\$14,937
2029	\$200	\$400	\$400	\$1,000	10.00%	\$17,531

- They've been awarded **\$17,531** worth of stock.

What's the total effect over 10 years for a "capping" agent?

- \$17,531 worth of stock awards
- \$77,916 worth of stock bought at a discount
- \$174,000 in revenue share pay out

In Total: \$269,447 over 10 years

- That's 3 years worth of work for this agent.

- If they own an average home in Birmingham, they could pay it off.

For agents who move past “capping” eXp has an extra incentive. ICON status. The primary benefit of ICON status is that these agents can receive \$16,000 in stock awards for achieving it annually.

As you’ll see, this can really add up.

## ICON Agent

About this agent:

- They sell around \$5.5 million of real estate per year.
- Their gross commissions equal 160,000 per year.
- They qualify for the full ICON award and receive their cap back in stock each year.
- They attract 2 agents to the company every year.
- Among the agents they attract, 4 additional agents are attracted each year.
- All the agents in their organization average 40,000 in commissions.

How does revenue share look for them over 10 years?

Revenue Share Model For An Agent Achieving Icon Status						
Year	Agents Attracted	Attracted GCI	Attracted Added	Group Total Agents	Avg Share	Rev Share
2020	2	\$40,000	0	2	3.00%	\$2,400
2021	2	\$40,000	4	8	3.00%	\$9,600
2022	2	\$40,000	4	14	3.00%	\$16,800
2023	2	\$40,000	4	20	3.00%	\$24,000
2024	2	\$40,000	4	26	3.00%	\$31,200
2025	2	\$40,000	4	32	3.00%	\$38,400
2026	2	\$40,000	4	38	3.00%	\$45,600
2027	2	\$40,000	4	44	3.00%	\$52,800
2028	2	\$40,000	4	50	3.00%	\$60,000
2029	2	\$40,000	4	56	3.00%	\$67,200
						<b>\$348,000</b>

- \$348,000 in revenue share earned over 10 years.
- \$67,200 in minimum revenue share projected for each

year going forward.

How do their discounted share purchases look?

Discount Share Purchases For An Agent Achieving Icon Status				
Year	Discount Stock	Value Purchased	Annual ROI	Cumulative Value
2020	\$8,000.00	\$8,889	10.00%	\$9,778
2021	\$8,000.00	\$8,889	10.00%	\$20,533
2022	\$8,000.00	\$8,889	10.00%	\$32,364
2023	\$8,000.00	\$8,889	10.00%	\$45,379
2024	\$8,000.00	\$8,889	10.00%	\$59,694
2025	\$8,000.00	\$8,889	10.00%	\$75,442
2026	\$8,000.00	\$8,889	10.00%	\$92,763
2027	\$8,000.00	\$8,889	10.00%	\$111,818
2028	\$8,000.00	\$8,889	10.00%	\$132,777
2029	\$8,000.00	\$8,889	10.00%	\$155,833

- They now have shares worth **\$155,833**

How do their share awards look?

Stock Awards For An Agent Achieving Icon Status							
Year	First Transaction	Capping	Icon	Sponsoring New Agent	Total Value	Annual ROI	Cumulative Value
2020	\$200	\$400	\$16,000	\$800	\$17,400	10.00%	\$19,140
2021	\$200	\$400	\$16,000	\$800	\$17,400	10.00%	\$40,194
2022	\$200	\$400	\$16,000	\$800	\$17,400	10.00%	\$63,353
2023	\$200	\$400	\$16,000	\$800	\$17,400	10.00%	\$88,829
2024	\$200	\$400	\$16,000	\$800	\$17,400	10.00%	\$116,852
2025	\$200	\$400	\$16,000	\$800	\$17,400	10.00%	\$147,677
2026	\$200	\$400	\$16,000	\$800	\$17,400	10.00%	\$181,584
2027	\$200	\$400	\$16,000	\$800	\$17,400	10.00%	\$218,883
2028	\$200	\$400	\$16,000	\$800	\$17,400	10.00%	\$259,911
2029	\$200	\$400	\$16,000	\$800	\$17,400	10.00%	\$305,042

- They've been awarded **\$305,042** worth of stock

What's the total effect over 10 years for an ICON agent?

- \$305,042 worth of stock awards
- \$155,833 worth of stock bought at a discount
- \$348,000 in revenue share payout

In Total: \$808,875 in benefits over 10 years

- That's 5 years worth of work for this agent.
- This agent could buy lake house plus a beach condo and pay cash.

These are some life changing numbers. Numbers that can give Realtor's true financial freedom.

Next, I'll show you what's possible for agents who choose to lead.


**Team leaders, brokers, coaches, and mentors have the potential to retire in 10 years or less through the programs we're discussing. I'll show you how in the final post of this series.**


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Thanks for reading! Please [send me an email \(mailto:robert.h.drum@gmail.com\)](mailto:robert.h.drum@gmail.com) with any questions or comments!

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