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About Bradford

- 7 operating companies; 1 administrative services company
- Approximately 80 employees & 100 independent contractor real estate agents
- Revenue target of \$25 million in 2022




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Our History



- 2008 – Real Estate Brokerage & Plumbing/HVAC company opened
- 2014 – Construction/Development opened
- 2015 – Property Management opened
- 2016 – Brokerage re-branded and initial growth vision
- 2019 – Title Company opened
- 2020 – Mortgage and Insurance opened




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RESPA

- RESPA (Real Estate Settlement Procedures Act)
 - Can pay for marketing; cannot pay on a per lead or per closed transaction basis
 - Related parties must be disclosed
 - Cannot force client to use one of your related companies

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Referral Relationships

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Lead Referral Chart – Property Mgmt

PROPERTY MANAGEMENT
CONNECTION

615 TITLE
 PIVOT REALTY PARTNERS

BRADFORD
 REAL ESTATE

WOODMONT MORTGAGE

goosehead INSURANCE

PARTHENON
 PLUMBING | HEATING | COOLING

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Lead Referral Chart - Brokerage

CONNECTION
 PART OF THE NARPM NETWORK

BRADFORD
 RFA EST+TR

PARTHENON
 PLUMBING | HEATING | COOLING

goosehead INSURANCE

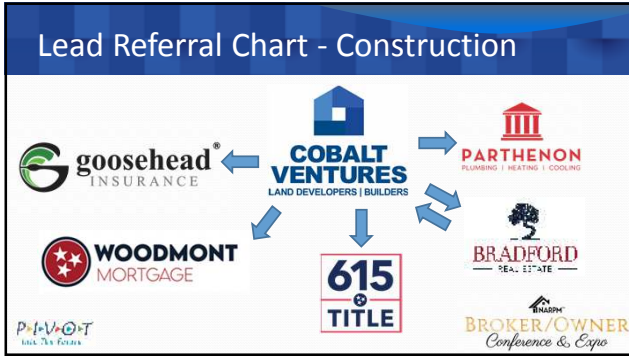
WOODMONT MORTGAGE

615 TITLE

COBALT VENTURES
 LAND DEVELOPERS | BUILDERS

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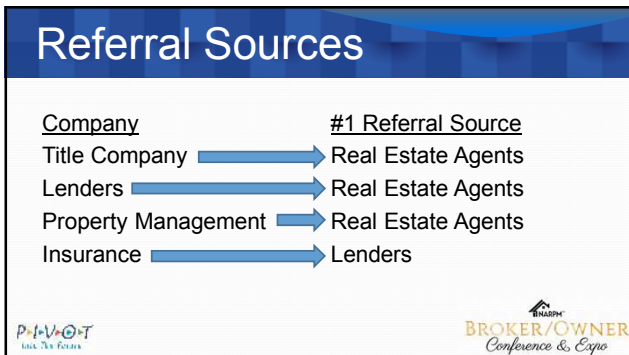
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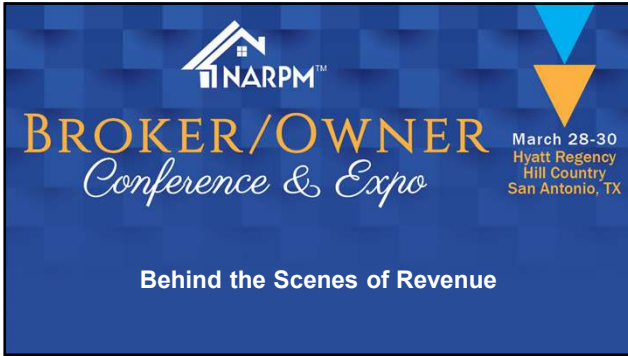
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Brokerage Revenue

- Monthly Desk Fees (Subscription)
- Per Transaction
 - 100% Commission Model – Flat fee per transaction
 - Commission Split – For example, 80/20 with annual cap
- Add-on fee opportunity (training, leads, etc.)
- Our goal - \$7,500 revenue per agent per year

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Title Company Revenue


- Closing/Attorney Fee
 - Normally flat fee charged per transaction
- Title insurance fee
 - Rate normally set by insurance underwriter (Fidelity, Stewart, etc.) with state approval
- Administrative, shipping, wire, technology fees
- Our goal - \$1,600 per closing with 35% profit margin


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Mortgage Company Revenue

- Revenue based on percentage of loan amount
 - Conventional Loans – 150 bp to 300 bp
 - Governmental (FHA/VA) – 250 bp to 400 bp
- Expenses
 - Loan Officer – 80 bp to 150 bp
 - Administrative and Marketing – 50 bp
- Profit – Target 50 bp per loan


 100 basis points (bp) is 1% of loan amount



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Insurance Agency Revenue

- Insurance Company (i.e. Travelers, etc) pays Insurance Agency (our company) percentage of policy value
 - Paid at issuance of new policy and at every renewal
 - Percentage varies by insurance company & policy type
 - Average is 15% but we see 11% to 22% range
- Most states allow Agency Fees to be charged
- Hope to breakeven on new businesses; make profit on renewals






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Insurance Agency Revenue

- Average family has \$2,600 of annual insurance premiums (home, car, umbrella).
- $\$2,600 \times 15\% = \390 in annual revenue
- Charging an agency fee (if allowed) can significantly increase revenues




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Why?

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Property Management Revenue

- Cost to obtain client • (\$841)
 - Marketing • (\$341*)
 - Labor • (\$500)
- Lifetime PM Revenue • \$8,380*
 59 months @ \$1,809/yr*
- Average Unit Life Profit • **\$497***

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Example Case Study

3 bed, 2.5 bath home
 \$300,000 purchase price
 \$240,000 loan (80% LTV)

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Case Study

	Target Revenue	Target Profit
Real Estate Commission - Purchase	\$9,000	\$4,500
Purchase Loan	\$4,800	\$1,200
Purchase Closing - Title Company	\$1,600	\$560
Property Insurance - 5 years	\$600	\$480
Property Management - 5 years	\$13,500	\$2,700
Real Estate Commission - Sale	\$10,500	\$5,250
Sale Closing - Title Company	\$1,800	\$630
TOTALS	\$41,800	\$15,320

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Key Considerations

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Brokerage

- Type
 - Independent
 - Franchise/National Affiliation
- Same or different branding as PM Company
- Business model
 - 100% flat fee versus commission splits



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Title Company



- Most states require an attorney on staff and/or as part of ownership.
- Title Insurance Companies (Fidelity, Stewart, etc) generally require their "Authorized Agent" to have experience in title business.
- Highly regulated by some states.

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Insurance Agency



- Affiliation
 - Full Independent agency
 - Independent franchise
 - National agency
- Long-term investment. Will lose money for first couple of years of agency.
- Similar to PM. Low revenue per client.

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Mortgage

- Company affiliation is extremely important
 - Branch Office (no ownership)
 - Joint Venture (ownership with existing mortgage company)
- Extremely difficult in hot real estate market to hire experienced, quality loan officers. Need to have experience from inception.

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Questions?

Trevor Garrett trevor@bradfordss.com
