

SIX STRATEGIES FOR REAL ESTATE AGENTS TO GENERATE ADDITIONAL COMMISSIONS



Compliments of

In addition to being a powerful tax deferral strategy for investment property owners, §1031 exchanges provide real estate agents with numerous ways to quickly increase commission income. Here are a few of the opportunities:

I. TWO TRANSACTIONS

- Every tax deferred exchange involves one sale and one purchase, providing real estate agents the opportunity to earn two commissions!

II. TWO OR MORE REPLACEMENT PROPERTIES

- Many Exchangers leverage their investments and purchase several replacement properties, which equates to several commissions all from one client!
- Clients with a high equity position (or free & clear) will receive a better rate of return by purchasing several properties with some financing.

III. SELLER OF CLIENTS' REPLACEMENT PROPERTY

- The seller of the Exchanger's replacement property often also holds their property for investment and may not be aware of the benefits of an exchange.
- If you can identify exchange opportunities, share with them the benefits and range of "like-kind" replacement properties available through an exchange.

IV. LARGER PROPERTIES = LARGER COMMISSIONS

- With the benefits of tax deferral, Exchangers can purchase larger properties, which generate larger commissions from the same clients.

V. BECOME AN "EXCHANGE AGENT"

- By learning about tax deferred exchanges, real estate agents can differentiate themselves from other competitors in their local market.
- Often agents who understand §1031 exchanges develop a base of repeat investors who only want to work with them. This can lead to an established clientele and less time working a "farm" area to produce business.

VI. "PROACTIVE" TOOL TO FIND NEW CLIENTS

- Agents can approach any owner of a non-owner occupied property to get an appointment to meet with them. Often, Stewart Title may be able to assist with obtaining a list of these owners in your area.
- At the first appointment, listen to their investment objectives. Remember, every investor wants one thing – MORE of something (more equity, more cash flow, more real estate, more tax advantages, etc.)
- At the first meeting, find out what your prospects would like more of. Do not try to list their property at this time. The objective is to discover their specific long-range investment goals and what type of investment property they need to own next to meet these goals.
- Find several properties that meet their criteria.
- In your second meeting with the property owners, show them several properties that meet their objectives or investment criteria. Show them how they can do an exchange, preserve their equity and move one step closer to meeting their financial goals. Then, ask for the listing.



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