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Learn how to earn three commissions on one deal through utilization of real estate exchanges

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That's right, if you are a real estate agent or broker and you are in the business of brokering any type of real estate other than personal-use property which includes either one's primary or secondary residence, you have an opportunity to earn three commissions on one transaction. This is possible through the use of what is called today, a deferred exchange. Under Section 1031 of the Internal Revenue Code, anyone disposing of either business or investment held property can defer both state and federal income tax that would be associated with the gain (profit) when disposing of that property.

How does a deferred
exchange work today?

Under the exchange regulations, that were issued in the Federal Register as of May 1, 1991 a deferred exchange means that a taxpayer (seller) who is disposing of either a business or investment-held property can put that property on the market in the same manner as if that transaction were to be treated as a sale. That means the property can be entered into any multiple listing service and the only thing that is necessary is that a buyer for that property is found. The wake-up item here is that you don't need to find someone that has a property and wants to swap their property for your listed property. Today, a deferred exchange is no different than disposing of one property using the proceeds from disposition (the sale) to acquire other property deemed of a like-kind. Other replacement property deemed of a like-kind means any type of real estate as long as it's business or investment-held property and not personal-use property by your client. Some examples include disposing of a parcel of land for a multifamily, disposing of a investment-held duplex for a commercial property, disposing of a single-family rental in Rochester, N.Y. for a mobile-home park in Tampa Fla.

The wake-up item here is that in order to achieve a deferred exchange, there must be a qualified intermediary involved who structures the transaction as an exchange and not a sale for I.R.S. purposes. This professional qualified intermediary cannot be the seller of the property, meaning the taxpayer who is trying to accomplish an exchange, nor can it be anyone who has an "agency" relationship with the seller meaning the real estate agent, the account-ant/CPA, attorney or employee. A professional qualified intermediary is in the business of facilitating real estate exchanges and should be experienced and provide customary services in that area. The qualified intermediary works together with the real estate professional in structuring their client's transaction as an exchange and does not participate in their commissions.

How does the real estate

professional earn
three commissions?

The real estate agent/broker who lists the property being disposed of, will earn a commission on the sale-end even though their client is treating the transaction as an exchange and will also earn a second commission on the purchase of the replacement property.

In addition, as "America's #1 Qualified Intermediary Network" for real estate exchanges, real estate professionals, attorneys and accountants/cpa's can earn an additional fee. By becoming a member of R. J. Gullo & Co.'s "Qualified Intermediary Network," you can continue to perform your service and refer the qualified intermediary part of the deal to R. J. Gullo & Co., Inc., and earn a third fee.

The beauty of this concept is that the taxpayer (the seller) has to acquire the new replacement property within 180 days of the closing date of their sale. Today, earning three commissions on one transaction is one of the smartest ways a real estate professional can use their time and one of the best ways for their clients to accumulate wealth through the use of real estate.

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