

What is an Auto Broker?

Copyright 2004 © Dealerlicense.com. A lawyer wrote this article. You will be sued for damages if you infringe our Copyright.

An auto broker or auto buying service is a dealer who engages in the business of brokering where there is an arrangement under which a dealer for a fee or other consideration regardless of the form or type of payment, provides, or offers to provide the service of arranging negotiating assisting, or effectuating the purchase of a new or used motor vehicle, not owned by the dealer, for another or others.

What does this mean in plain English? An auto broker helps retail customers find cars from other dealerships. The broker acts as an agent for the retail customer for the purpose of finding, negotiating, and purchasing for a fee or commission. Therefore, there is a relationship with the customer, which is outlined, in the signed brokering agreement and governed by State law.

Many states allow you to do auto brokering out of a home office! Our Dealer License Manual and our Home Based Car Sales book will show you how to check with your state to make sure.

Since, the broker earns a fee for doing this for the retail customer, why would customer want to pay such a fee? (which can be as much as \$1,200 depending upon the price of the car) Simple, here in the United States there are many consumers that are very busy and don't have time to breath in air.

Such a consumer still has a need to buy cars but does not have time to look for them. They have already researched which make, model, color and options they want on the vehicle, but they want somebody else to take care of finding them the best price. The way busy professionals rationalize this is that they are paid well for time at their desk, and if they have to take time away from work they actually lose more money finding the car on their own than hiring an auto broker.

For example, there is an attorney next door to our office that is a very busy guy. He knew exactly which new Lexus he wanted so we found it for him at a better price than he could have found himself even after he paid the broker fee. Further, he had a 1989 Mercedes Benz Roadster that he had bought brand new that he wanted to trade in. That car was in perfect shape. He was too busy to sell that car himself, so we paid him \$8,500 cash for the trade and resold it retail the next week for \$12,000. This is a great example of why the auto broker business is great; because not only did we make \$800 on the new car we brokered for him, we made a whopping \$3,500 on his trade. The insider secret of the broker business is that you can make just as much money on the trade, if not more, than the brokered deal.

You will be amazed to see how many people who approach you to broker a car for them will want

to trade in their old car. Do you remember who your customer is? He is that busy guy who does not have time to breath, find a new car, or even sell his old one. Finding his new car and selling his old one is your job, and that's why you will get paid the big bucks to do it.

For more info on the auto broker business, see our book on brokering at www.dealerlicense.com