1031 Exchanges

- **Definition**
  A 1031 exchange (tax-deferred exchange) is one of the most powerful tax deferral strategies available for taxpayers. This allows the taxpayer to pay currently due taxes at a later date. In usual transactions, the land owner pays a percentage of his gain from the sale for taxes. But Section 1031 of the Internal Revenue Code allows the landowner to trade the property with another "like-kind" property. This however does not mean tax-free. It simply gives the taxpayer time to reinvest their profit.

- **Advantage**
  The obvious benefit of a 1031 Exchange is that the taxpayer can postpone paying taxes. But an exchange of property of like kind has to happen. And this only pertains to investment property; not a personal home.

- **Disadvantage**
  The exchange needs to be done within a limited time frame and reduced cost. And the funds need to remain invested. The taxpayer also needs to pay the exchange fee.

- **Exchange Techniques**
  There are several ways of drafting a tax-deferred exchange. But it has to abide by the 1991 "safe harbor" regulations. It established procedures which include the use of an intermediary, direct deeding, the use of qualified escrow accounts for temporary holding of "exchange funds" and other procedures which now have the official blessing of the IRS. Because of this, you will need the help of an intermediary.

- **Investor Services**
  Our extensive knowledge and experience proves our credibility in terms of improvement costs and acquisition guidelines. This helped us develop a strong relationship with owners and investors who help us understand all sides of any deal.

To me, negotiation is important and I have the patience to go through the process of getting a good deal. My success rate is strong and I'm only a phone call away.

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