# The 1031 Bible

## 1031 exchanges are the cheat code to building wealth.

You're about to uncover the century-old secret that allows you to swap one investment property for another to defer taxes and grow rich.



**1031Specialists.com**

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**(631) 438-1031**


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# WHAT'S A 1031 EXCHANGE?

For more than 100 years, the tax laws of the United States have allowed investors to defer taxes on the gains generated by the sale of an investment property if the proceeds are properly re-invested in "like-kind" property.

This form of tax deferral is governed by Section 1031 of the Internal Revenue Code. It says: "No gain or loss shall be recognized on the exchange of property held for productive use in a trade or business or for investment, if such property is exchanged solely for property of like-kind [...]".

Simply put, a 1031 exchange is the swap of one investment property for another like-kind property without paying capital gains tax or depreciation recapture tax.

To access this magical tax deferral program, all you have to do is follow the rules.

What are those rules and how exactly does this wealth-building cheat code work? Keep reading – the secrets of 1031s are about to be revealed...

## 1031 Lingo

**Exchanger:**
The investor performing a 1031 exchange.

**Qualified Intermediary:**
An independent third party required by the IRS to facilitate 1031 exchange transactions.

**Relinquished Property:**
The property an Exchanger is selling in a 1031 exchange.

**Replacement Property:**
The property an Exchanger is buying in a 1031 exchange.

# DON'T SELL... EXCHANGE!

Why would you explore a 1031 exchange? The better question is, why wouldn't you?

1031 exchanges offer you the ability to defer – and even eliminate – your real estate taxes and maximize your real estate gains. They are a cheat code to building wealth.

It's not just federal taxes that can be deferred – state taxes, investment income taxes, alternative minimum taxes, and depreciation recapture taxes may also be deferred. It's like an interest-free loan from the US Government – one that may never require repayment.

The true power of a 1031 exchange is the ability to meet your investment objectives without losing equity to taxation. With more money, you can buy more property. Consider a scenario where you have $500,000 in equity in an investment property you are selling. The financial benefit of a 1031 exchange is enormous, allowing you to reinvest $325,000 more into your next property!

| | EXCHANGE | NO EXCHANGE | DIFFERENCE |
|---|---|---|---|
| Net Equity | $500,000 | $500,000 | |
| Capital Gain Tax | $0 | $65,000 | |
| Equity to Reinvest | $500,000 | $435,000 | |
| Acquisition Value (Assume 20% Down) | $2,500,000 | $2,175,000 | $325,000 |

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# DON'T SELL... EXCHANGE!

As the previous page shows, the financial benefit of a single 1031 exchange is enormous. Now let's look at what happens if you do multiple 1031 exchanges during your lifetime.

| 50% GAIN EACH TRANSACTION | 1031S, COMPOUNDING TAX FREE | NO 1031S, TAXED EACH TIME AT 30% |
|---|---|---|
| Starting Equity | $100,000 | $100,000 |
| Transaction 1 | $150,000 | $135,000 |
| Transaction 2 | $225,000 | $182,250 |
| Transaction 3 | $337,500 | $246,038 |
| Transaction 4 | $506,250 | $332,151 |
| Transaction 5 | $759,375 | $448,403 |
| Transaction 6 | $1,139,063 | $605,345 |
| Transaction 7 | $1,708,594 | $817,215 |
| Transaction 8 | $2,562,891 | $1,103,240 |
| Transaction 9 | $3,844,336 | $1,489,375 |
| Transaction 10 | $5,766,504 | $2,010,656 |
| Transaction 11 | $8,649,756 | $2,714,385 |
| Transaction 12 | $12,974,634 | $3,664,420 |
| Transaction 13 | $19,461,951 | $4,946,967 |
| Transaction 14 | $29,192,926 | $6,678,405 |
| Transaction 15 | $43,789,389 | $9,015,847 |
| Transaction 16 | $65,684,084 | $12,171,393 |
| Transaction 17 | $98,526,125 | $16,431,381 |
| Transaction 18 | $147,789,188 | $22,182,364 |
| Transaction 19 | $221,683,782 | $29,946,192 |
| **Transaction 20** | **$332,525,673** | **$40,427,359** |

This table demonstrates the impact of taxes on compounding. The same transactions, the same returns each time. The only difference between the middle column and the right column is deciding to 1031 versus not. At the end, 1031s net you $292 million more. This is the power of tax-free compounding. This is the magic of 1031s.

# DON'T SELL... EXCHANGE!

A 1031 exchange allows you to leverage the full proceeds of a sale to purchase larger, multiple, or more productive properties. The benefits to 1031 Exchangers include:

- Immediate tax deferral
- Greater buying power
- Increased income potential
- Ability to compound all capital gains
- Exit optionality for business owners
- Diversification into multiple properties
- Consolidation of multiple properties into one property
- Elimination or creation of joint ownership
- Relocation of investment property or business
- Opportunity to depreciate higher basis replacement property
- Transition from active property management to passive mailbox money
- 100% tax avoidance if you "swap 'till you drop"

**With so many benefits, why wouldn't you explore a 1031 exchange?**

# A SECRET NO MORE

## Swap 'Till You Drop

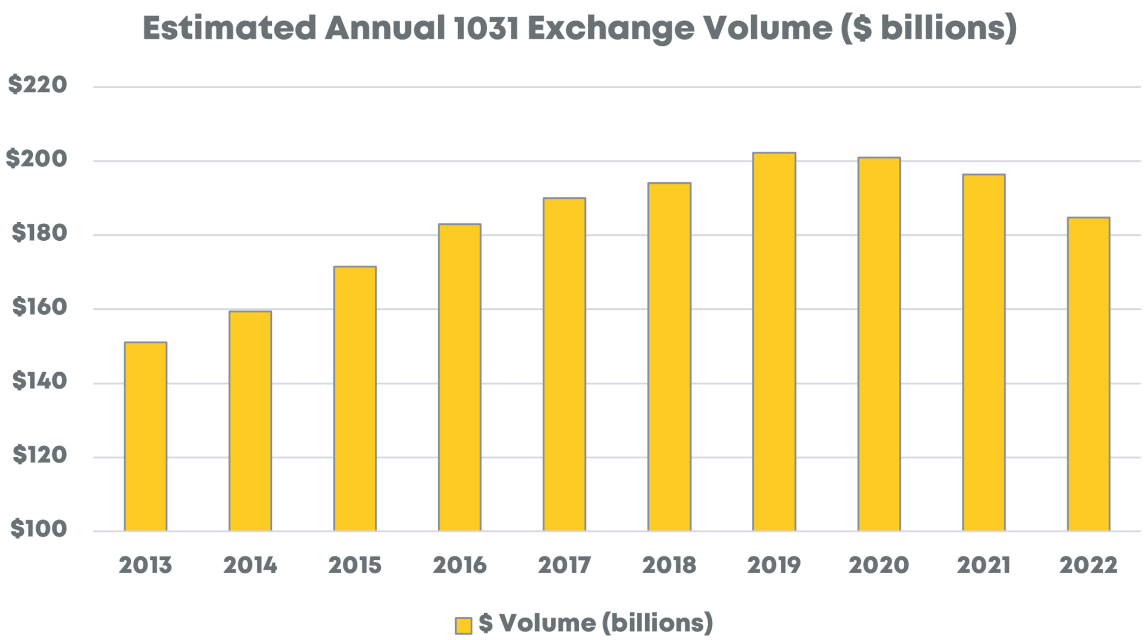
The 1031 grandmasters know a secret: if you keep rolling one 1031 exchange into another until your time on Earth is up, you will not only have deferred taxes on your gains each time, but you will have accomplished the seemingly impossible: avoiding taxes altogether. How is this? Because when your properties pass to your kin, they get a step-up in basis, effectively making a lifetime worth of gains invisible to the US Government.

Ben Franklin was wrong: while death is certain, taxes aren't.

## A 100-Year Secret

Completing a successful 1031 exchange is a 100% approved method of buying and selling investment property. In fact, these rules have existed in the US for more than 100 years! Sophisticated investors, family offices, and even former US Presidents do 1031 exchanges because they understand the power of compounded returns.

While 1031s may seem like a secret, their use is widespread, accounting for an estimated 15% of all US commercial real estate transactions annually. That's $185 billion worth of 1031 exchanges per year!



# THE 5 COMMANDMENTS

To access the century-old 1031 wealth-building playbook, you must follow the rules. 90% of what you need to know can be distilled into these 5 Commandments:

## Commandment 1

The property must be held for business or investment purposes. See the section, Do I Qualify? for more info.

## Commandment 2

To defer all tax, Exchangers must purchase a property of equal or greater value than the net selling price of the relinquished property. See the section, Maximizing Your Tax Deferral.

## Commandment 3

Within 45 days following the close of your first transaction, Exchangers must identify, in writing, up to three possible replacement properties (you can identify more than three, but there are additional rules if you do). Only identified properties qualify for the exchange. See the FAQ section for more detail.

## Commandment 4

Exchangers have 180 days to complete both sides of their exchange (the buy and sell). This deadline is firm, regardless of whether the 180th day falls on a Saturday, Sunday or Holiday. See the section, Exchange Process for more detail.

## Commandment 5

Exchangers must use a Qualified Intermediary to facilitate their 1031 exchange. See the section, Why 1031 Specialists?.

# DO I QUALIFY?

You must pass three tests to qualify for a 1031 exchange:

1. The "Who You Are" test
2. The "What You Own" test
3. The "When You Bought It" test

## Who You Are

1031 exchanges are available to investors, not to people that trade real estate for a living. So long as you aren't a "flipper" or developer, you will pass this test.

The IRS uses a facts and circumstances test to determine your status, which includes (1) volume and frequency of real estate sales (e.g., are you a flipper?); (2) classification of the property on your financial statements (e.g., is the property classified as held for sale?), and (3) efforts to subdivide, develop, advertise, or list the property (e.g., are you a developer?).

## What You Own

If you own U.S. real estate that is held for business or investment purposes, you will pass this test. The intended use of the property is the critical component – the property must be used in the operation of a business or for investment purposes. A primary home you live in or a secondary home you stay in more than a couple weeks a year will not qualify. Why? Because using a property for personal enjoyment disqualifies it as an investment in the eyes of the IRS.

The following types of investment property – whether owned fully or partially – will qualify:


## When You Bought It

There is no hard and fast rule as to the length of time a qualifying property must be held before being sold – the actual measuring stick used by the IRS is a "reasonable time" – but a general guidepost is that if you've held your property for two years and one day, you will pass this test.

**Do you pass these tests?**

# COMMON MISCONCEPTIONS ABOUT 1031S

It's time to dispel the 5 myths that prevent many investors from exploring a 1031 exchange.

**1. You can only exchange into the same property type as the one being sold.**

Myth! You aren't required to exchange one property for exactly the same type of property. You can exchange raw land for a rental home, an apartment complex for a shopping center or rental houses for an office building. You can exchange property in different states. You can diversify by exchanging one property into multiple properties, or you can consolidate your portfolio by exchanging multiple properties into a single property. So long as all property is held for business or investment purposes, you have nearly infinite exchange options.

**2. You have to exchange properties with the same individual.**

Myth! You can sell to one person or entity and purchase from a completely different person or entity – just like you do in any other real estate transaction.

**3. You have to buy something that costs more than what you are selling.**

Myth! You can purchase a replacement property for less than your relinquished property and still receive some 1031 tax benefits. However, if you seek full tax deferral, you will have to purchase property of equal or greater value than the net selling price of your relinquished property.

**4. Why bother? You'll have to pay the taxes sooner or later.**

Myth! If you keep rolling one 1031 exchange into another until your time on Earth is up, you will not only have deferred taxes on your gains each time, but you will have accomplished the seemingly impossible: avoiding taxes altogether. How is this? Because when your properties pass to your kin, they get a step-up in basis, effectively making a lifetime worth of gains invisible to the US Government.

**5. 1031 exchanges are complicated and too confusing to be worth it.**

Nah! Not with 1031 Specialists as your Qualified Intermediary.

# WHY 1031 SPECIALISTS?

IRS rules require a Qualified Intermediary (QI) to facilitate your 1031 exchange. Without one, you don't qualify.

So if you have to hire a QI, why not us?

1031 Specialists is a fairly amazing Qualified Intermediary, helping clients swap one investment property for another to defer taxes and grow rich. We are trusted by sophisticated investors and family offices to facilitate fast, transparent, and error-free 1031 exchange transactions.

But don't take our word for it. Take Jim's.

> *I was under contract faster than expected, scrambling to find a Qualified Intermediary that could deliver the impossible: good, fast and cheap. 1031 Specialists wasn't just good – they were great. They exceeded all my expectations, delivering a fast, transparent, and error-free exchange transaction. Highly – and in the strongest possible sense – recommend!*
>
> \- Jim Dugan, Happy Client

**Give us a call now to discuss your 1031 exchange: (631) 438-1031**

In ten minutes, you'll learn:

- Exactly how much you'll save by doing a 1031 versus an outright sale
- How mind-bogglingly easy it is to work with us
- How to officially get going on your 1031 exchange

# WHY 1031 SPECIALISTS?

## A few great reasons why you should hire us

1031 exchange rules are complex and nuanced. A single mistake can cost you hundreds of thousands – and even millions – of dollars. Clients hire us to get it right, every time.

A certain breadth and depth of knowledge is required to be a great Qualified Intermediary. Clients hire us because we can facilitate 1031 exchange transactions no matter how complex and no matter where in the country a client is buying and selling property.

At the heart of it all, clients hire us because they like us and trust us. And we think you will too.

**Jeff Bemis**

**Jon Hilley**

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# THE 1031 SPECIALIST STANDARD

We are committed to acting in the best interest of our clients – so much so that we developed the industry's most robust fiduciary standard, the 1031 Specialist Standard. Without further ado, here it is:

## THE 1031 SPECIALIST STANDARD

In the under-regulated world of Qualified Intermediaries, we acknowledge that we are ultimately responsible for the safety of our clients' money, the quality of our service, and the reputation of our industry. We are committed to this Standard and so are each of our amazing employees.

### Protection of Every Penny

Client funds are always protected. A segregated, FDIC insured trust account is set up for each client at a systemically important financial institution. Money is never commingled, and clients can view their account balance at any time.

### Gold Standard Fraud Prevention

We follow enhanced wire fraud and identity theft prevention protocols. For any funds requested to be moved from a client's segregated, FDIC insured trust account, a client must first provide written authorization to their transaction manager. Next, a phone call is made to verify the client's instructions. Two 1031 Specialists must then provide written authorization to execute those instructions. Once approved, client funds are released.

### Transparency at Every Step

Our clients receive transparency at each stage of the transaction lifecycle: from engagement to close. Everything we do is open book – from the fees we charge to our internal controls to our insurance policies to our communications with clients. There are no secrets between us – just an aligned team pushing together to get the exchange done right, on time, every time.

# THE 1031 SPECIALIST STANDARD CON'T

## Audit Promise

Unlike others, we include protections in the unlikely event of an audit by fully defending our work and the validity of each exchange.

## Attorney Guarantee

We guarantee that exchange documents are reviewed by a licensed attorney, providing further protection in the event of an IRS audit.

## 3-Way Security

Three-way agreements between us, clients, and the financial institutions that hold client funds add a final layer of security, ensuring optimum protection of exchange funds.

**This is how we operate. Every client. Every exchange.**

1031 Specialists

# TYPES OF EXCHANGES

There are 4 types of 1031 exchanges – the difference between them boils down to your investment objectives and timing. The vast majority of 1031 exchanges done today are forward exchanges.

## Forward Exchange

In a Forward Exchange, an investor sells a property first, then buys within 180 days.


## Reverse Exchange

In a Reverse, an investor buys first, then sells within 180 days. This is done utilizing a "parking arrangement" whereby a Qualified Intermediary holds the replacement property until the relinquished property can be sold.


## Simultaneous Exchange

A simultaneous buy-sell. These types of exchanges are exceedingly rare.

## Improvement Exchange – Forward or Reverse

In an Improvement Exchange, sometimes called a Construction Exchange or Build-to-Suit Exchange, an investor invests in the acquired property – which can include repairs, improvements and / or new construction – using exchange equity. Improvement 1031 Exchanges are used in conjunction with either a Forward Exchange or a Reverse Exchange structure.

# EXCHANGE PROCESS

A standard 1031 exchange process goes like this:

### SIGN OUR EXCHANGE AGREEMENT

### EXECUTE YOUR PURCHASE & SALE AGREEMENT

If you've already signed your PSA, no worries – we'll create an assignment agreement to execute at closing.

### REVIEW EXCHANGE DOCUMENTS

We will create the exchange documents that you'll review and sign at close. We will also prepare closing instructions for the title company or attorney handling your closing.

### SIGN SETTLEMENT STATEMENT

Prior to the closing, your title company or attorney will send the settlement statement for both you and 1031 Specialists to review and sign.

### SELL YOUR RELINQUISHED PROPERTY

On closing day, proceeds are wired to the segregated trust account we set up in your name until the closing on your replacement property.

### DAY 45

This is where the real work is done. Within 45 days of closing on the relinquished property, you must identify the intended replacement properties in writing and close inside of 180 days. Don't worry, we're with you every step of the way – from managing deadlines to consulting on details to optimizing your 1031 exchange.

# EXCHANGE PROCESS CON'T

### REVIEW EXCHANGE DOCUMENTS

Once you are under contract, you'll send us a copy so we can create the final exchange documents for your signature and provide instructions for the title company or attorney handling your closing.

### SIGN SETTLEMENT STATEMENT

Review and sign a copy of the settlement statement. We will wire proceeds to your title company or attorney.

### BUY YOUR REPLACEMENT PROPERTY

At close, your exchange is complete. You'll receive a 1031 closing package from us documenting your successful 1031 exchange.

### INFORM THE IRS

When you next file taxes, your CPA will send form 8824 to the IRS detailing your successful tax deferred exchange. If your replacement transaction closes after April 15th, you'll file an extension.

When broken down to its essence, there is nothing difficult about most 1031 exchanges. You hire a QI, sell, then buy, and document everything with the proper paperwork. If you follow the rules and get those core things right, you'll defer your real estate taxes and create wealth through the magic of compounding.

# EXCHANGE DOCUMENTATION

Proper paperwork is the key that unlocks your tax deferral and opens a magical door to greater wealth via 1031 compounding. Here's the documentation you'll see during a successful 1031 exchange. Don't get stressed – each of these documents are prepared for you by your QI and / or closing agent. You just need to review for accuracy and sign.

## Exchange Agreement

This document governs the relationship between you and your QI. The Exchange Agreement must be signed on or before the closing of your first transaction (e.g., the sale of your relinquished property).

## The Assignment of the Agreement of Sale

Per IRS guidelines, your QI will acquire, hold and convey the exchanged properties and control your exchange proceeds. The Assignment of the Agreement of Sale assigns your rights to the Qualified Intermediary. These rights terminate once your exchange is complete.

## Identification Notice

This document unambiguously describes the property or properties you intend to purchase as replacement property. It must be signed by all Exchangers on or before the 45th day following the close of your first transaction. This deadline is firm, regardless of whether the 45th day falls on a Saturday, Sunday or Holiday.

## The Settlement Statement

This is a standard document in every real estate transaction. It will indicate the transaction is part of a 1031 exchange. Your QI will work with your closing agents – typically your title company or attorney – to ensure its accuracy and co-sign this document.

## Success Package

Clients of 1031 Specialists receive a 1031 closing binder documenting their successful 1031 exchange.

## IRS Form 8824

When you next file taxes, your CPA will send form 8824 to the IRS detailing your successful 1031 tax-deferred exchange.

# MAXIMIZING YOUR TAX DEFERRAL

To maximize your tax deferral, you will have to purchase property of equal or greater value than the net selling price of your relinquished property. You will also have to reinvest the full amount of cash received from the sale of your relinquished property. If you do these two things – buy a replacement property of equal or greater value and reinvest all your cash proceeds – you will maximize your 1031 tax deferral.

Here's how to calculate the net selling price of your relinquished property:

Contract Sale Price

– Realtor Commissions

– Title Fees

– Other Allowable Expenses

= Net Selling Price

Let's assume your relinquished property is under contract for $900,000. Your net selling price would be $839,525 (the costs below are estimated):

| RELINQUISHED PROPERTY | AMOUNT |
|---|---|
| Contract Sale Price | **$900,000** |
| - Realtor Commissions | **$54,000** |
| - Title Fees | **$1,500** |
| - Other Allowable Expenses | **$4,975** |
| 1031 Specialists Fees | $1,195 |
| Professional Fees (legal, accounting, engineering, appraisal and inspection fees) | $3,000 |
| Transfer Taxes (state and local) | $500 |
| Recording Fees | $250 |
| Wire Fees | $20 |
| Courier Fees | $10 |
| = Net Selling Price | **$839,525** |

In this example, you'll have to reinvest in a replacement property worth at least $839,525.

# MAXIMIZING YOUR TAX DEFERRAL CON'T

Let's further assume you have a $400,000 mortgage. Your equity (e.g., cash out) would be $439,525:

| RELINQUISHED PROPERTY | AMOUNT |
|---|---|
| Net Selling Price | **$839,525** |
| - Mortgage | **$400,000** |
| = Equity | **$439,525** |

Which means you'd also have to reinvest cash of at least $439,525 into your replacement property.

Do these two things and you'll maximize the tax benefits of your 1031 exchange.

**Give us a call now to discuss your 1031 exchange: (631) 438-1031**

In ten minutes, you'll learn:

- Exactly how much you'll save by doing a 1031 versus an outright sale
- How mind-bogglingly easy it is to work with us
- How to officially get going on your 1031 exchange

# FAQS

## 1031 Deep Dive

### When should I reach out to 1031 Specialists about my exchange?

Ideally, you will engage us during the evaluation stage of your first transaction, just prior to signing your Purchase & Sale agreement. If you've already signed your PSA, no worries – we can still help make your 1031 exchange happen.

### Can I sign a Purchase & Sale Agreement, then start exploring a 1031 exchange?

Yes. The date a PSA is signed – for either your relinquished property or replacement property – isn't relevant to your 1031 eligibility. What matters is the date your first transaction closes. Provided you haven't closed, you still have time to explore a 1031 exchange.

### How long does it take 1031 Specialists to complete its work?

For Forward exchanges, exchange documentation and closing instructions are typically turned around 24 hours after receiving all required information. Reverse and Improvement Exchanges are significantly more complex and take two to three weeks to complete.

### If I want to identify more than three replacement properties during my 45-day identification period, what are the additional requirements I must follow?

If you wish to identify more than three replacement properties, you can. However, identifying four or more properties means your exchange must also pass one of these two additional tests:

**1. The 200% Rule:** the combined fair market value of all your identified replacement properties cannot exceed 200% of the value of your relinquished property.

**2. The 95% Rule:** you can exceed the 200% rule but you must acquire >=95% of the fair market value of the properties you identify.

# FAQS CON'T

### How much time do I have to complete a 1031 exchange?

The IRS has very specific rules governing the timeline of a 1031 tax-deferred exchange. You have 45 days from the close of your first transaction to identify – in writing – your replacement property or properties. You have a further 135 days from there (or 180 days total from the close of your first transaction) to close your second transaction and successfully complete your exchange. These deadlines are firm, regardless of whether the 45th or 180th day falls on a Saturday, Sunday or Holiday.


### What happens if I don't complete my 1031 exchange in time?

If you don't meet the key 45 and 180-day deadlines required by the IRS, your exchange fails and you will be taxed on any gains from the sale of your property. You can still buy and sell property, you just won't get the benefit of tax deferral on the transaction. It'll be like your 1031 exchange never existed.

### How long do I have to own my property to qualify for a 1031 exchange?

There is no hard and fast rule as to the length of time a property must be held before being sold – the actual measuring stick used by the IRS is a "reasonable time" – but a general guidepost is two years and one day.

### If I hold a property in a corporate entity, can I still qualify for a 1031 exchange?

Yes. Any taxpayer, whether an individual, married couple or entity, can successfully complete a 1031 exchange. Qualifying entities include C-Corporations, S-Corporations, General Partnerships, Limited Partnerships, Limited Liability Companies, Trusts, and any other taxpaying entity that owns qualifying property.

### Will a 1031 exchange put me at risk of an IRS audit?

1031 tax-deferred exchanges are a 100% approved method of buying and selling investment property – these rules have existed in the US for more than 100 years. In our experience, as long as a recognized, qualified firm follows U.S. Tax Code, Title 26, Section 1031, and documents everything properly, there is no additional risk of an audit.

# FAQS CON'T

### When do I report the exchange to the IRS?

Exchanges are reported to the IRS for the tax year in which the first relinquished property is transferred, even if the replacement property(ies) are transferred in the following tax year. For example, if you close on your relinquished property in December and settle on your replacement property in May of the following year, you will file an extension by mid-April and then file IRS Form 8824 once your replacement property is received.

### How many times can I do a 1031 exchange in my lifetime?

There is no limit – you just need to follow the rules each and every time.

### If I did a cost segregation study and benefitted from bonus depreciation on the property I'm selling, can I still do a 1031 exchange?

Yes, you can do both a 1031 exchange and cost segregation / bonus depreciation on the same property. It is imperative that you seek tax counsel to understand the tax implications given your unique circumstances.

### Why do I keep hearing about Delaware Statutory Trusts (DSTs)?

A DST isn't a type of 1031 exchange, rather it is a vehicle that exchange proceeds can be invested into. DSTs allow investors to exchange relinquished property into units of a trust holding qualifying real estate. Of the 1031 exchanges done today, DSTs are believed to represent approximately 10% of the volume – this share has been increasing over the past decade as investors that "own dirt" seek to transition from active real estate management to passive mailbox money.

# FAQS CON'T

## Qualified Intermediaries for the Win

### What is a Qualified Intermediary (QI)?

A Qualified Intermediary is a non-biased third party that facilitates 1031 exchange transactions.

### Why do I need a Qualified Intermediary?

IRS rules require a Qualified Intermediary to facilitate a 1031 exchange. Without one, you can't qualify for a 1031 tax-deferred exchange.

### What is the role of a Qualified Intermediary?

A Qualified Intermediary has three primary duties:

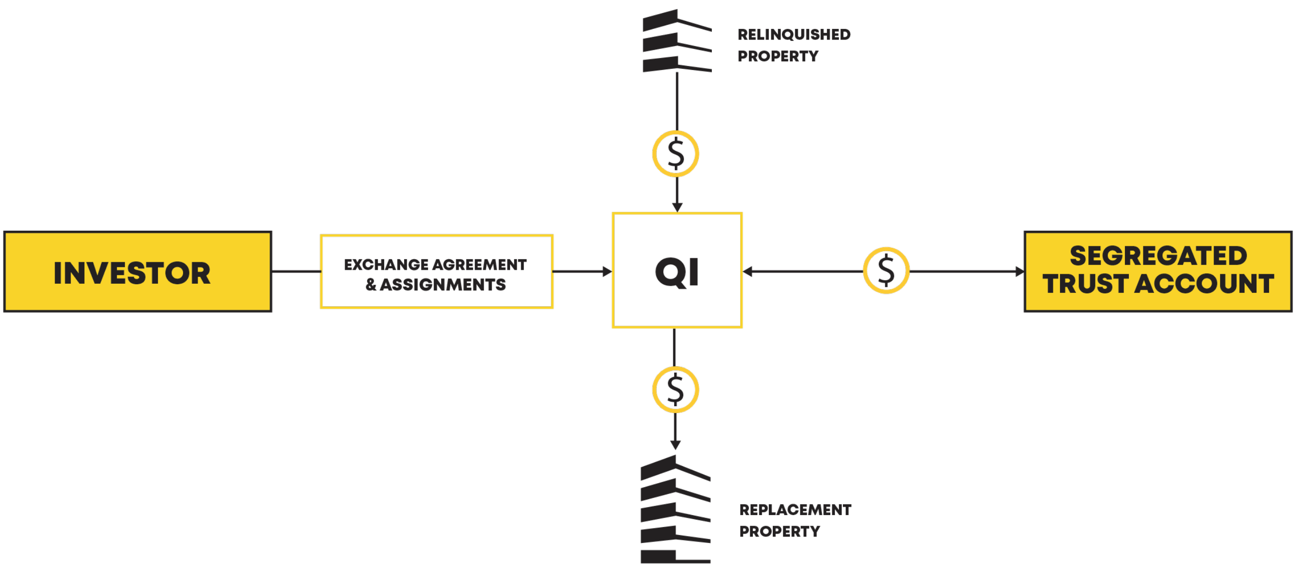
1. To provide consultation on your 1031 exchange.

2. To secure your funds during the duration of the exchange.

3. To prepare the necessary exchange documentation and coordinate with your closing agents to properly transfer the relinquished and replacement properties according to U.S. Treasury Reg. §1.1031(k)-1(g)(4).

### I'm a visual learner... can you show me how a Qualified Intermediary fits into my 1031 exchange transaction?

A Qualified Intermediary plays a central role in a 1031 exchange transaction. Here's how it looks visually:



# FAQS CON'T

**Can I be my own Qualified Intermediary?**
No.

**Can my real estate agent be my Qualified Intermediary?**
No.

**When do I need to hire a Qualified Intermediary?**

If you do not have a Qualified Intermediary in place before the close of your first transaction, the opportunity to do a 1031 exchange is lost.

**Why does a Qualified Intermediary control my sale proceeds?**

A key requirement of a successful 1031 exchange is that the investor selling the property must avoid constructive receipt of the proceeds from the sale. If you have the ability to access, control or receive, or could have received, the proceeds from your sale, the IRS will disqualify your 1031 exchange.

**Does 1031 Specialists hold my sale proceeds?**

No, we do not hold a client's exchange money. We partner with FDIC-insured banks who open an individual, segregated trust account for you. The account is set up in your name and no 1031 funds move in or out of the account without your written and verbal authorization.

**When are funds released from the trust account?**

In the event of a successful 1031 exchange, funds are released at close per your closing instructions. In the event of a failed exchange, IRS regulations prevent the early release of funds. If your exchange were to fail, you'll either receive your money back shortly after the 45th day or the 180th day:

- If you fail to identify replacement property 45 days following the close of your first transaction, your exchange will fail and your proceeds will be released to you the next business day following the 45-day identification period.

- If replacement property was identified but you do not acquire replacement property, your exchange will fail and your proceeds will be released the next business day following the 180-day exchange period.

# FEES

Our interests are always 100% aligned.

At 1031 Specialists, we don't charge commissions. We charge a simple, straightforward fee depending on the type of exchange you are doing. We are so confident in our specialized approach that our services are offered with a **"pay us when you close"** guarantee – if you decide not to go through with your exchange for any reason, you'll get your money back.

### Reverse Exchange

Buy a replacement property first, sell your existing property second.

**$5,995**

GET STARTED

- Exchange accommodation titleholder creation
- Unlimited tax optimization consulting
- Audit Protection
- Attorney guarantee

### Standard Exchange

The most common type of exchange: Sell your existing property first, buy a replacement property second.

**$1,195**

GET STARTED

- Unlimited tax optimization consulting
- Audit Protection
- Attorney guarantee

### Improvement Exchange

Improve or develop your replacement property with exchange equity.

**$6,995**

GET STARTED

- Exchange accommodation titleholder creation
- Unlimited tax optimization consulting
- Audit Protection
- Attorney guarantee

There are no "gotchas" and no hidden fees. Clients pay us at the close of the first transaction. And if for whatever reason your exchange fails, we'll send your fee back to you.

# DEFER YOUR REAL ESTATE TAXES.

# MAXIMIZE YOUR REAL ESTATE GAINS.

2 steps and less than 2 minutes – that's all it takes to get started.

1. Visit 1031Specialists.com
2. Click Start Your Exchange

If you can't wait, you can give us a call right now: (631) 438-1031.

1031 Specialists