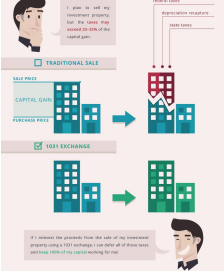


# THE ULTIMATE GUIDE TO 1031 EXCHANGES

Let me introduce the pros providing for the sake of an investment property. There are other ways to sell to get around taxes, but 1031 is the only way to legally defer the capital gains taxes. They each introduce the idea on the sale of investment property to called a 1031 exchange.

## TRADITIONAL SALE VS 1031 EXCHANGE



## GENERAL 1031 EXCHANGE RULES

- ### 1 Properties Must Be "Like Kind"

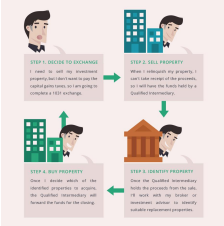
As a 1031 exchange, the replacement property must be "like kind" to the relinquished property. In real estate, "like kind" means that both properties are real estate and used for the same purpose. Generally, any real estate used for business or investment purposes in the US is "like kind." It includes "like kind" for example, an investor can exchange a commercial property for another or residential real property for a residential property and still qualify.

My own personal residence and vacation home are not considered to be "like kind" to any other kind of real estate in a 1031 exchange. There are other tax rules that apply to the sale of your personal residences.
- ### 2 All Proceeds Must Be Reinvested

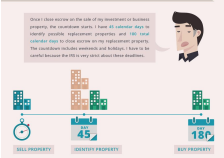
The value of the replacement property must be equal to or greater than the value of the relinquished property. However, a full refund is allowed from the capital gains taxes on any of the proceeds for investment purposes.
- ### 3 Titles Must Be Identical

The ownership title for the replacement property must be identical to the one for the relinquished property.

## 1031 EXCHANGE OVERVIEW



## THE 1031 EXCHANGE TIMELINE



## PROPERTY IDENTIFICATION RULES

- 3-property rule**  
I may identify up to three potential replacement properties and purchase any one of them, regardless of their total value, to complete my exchange.
- OR**
- 20% rule**  
If I identify 3 or more properties, then the total value must be at least 20% of the value of the relinquished property. I can purchase all of the identified properties if I wish.
- OR**
- 95% rule**  
If I identify 3 or more properties, then the total value must be at least 95% of the value of the relinquished property. I can purchase all of the identified properties if I wish.

## BENEFITING YOUR HEIRS

