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PEAK
1031 EXCHANGE

WHAT IS A 1031 EXCHANGE?

A 1031 Exchange is a tax deferral vehicle that enables taxpayers to sell their investment real estate and defer payment of the capital gains tax by reinvesting the proceeds into new investment property of equal or greater value. As long as taxpayers follow the IRS's rules for determining which "like-kind" properties qualify for the exchange and adhere to the statutory time frames, they are able to shelter their capital gains from taxation for as long as they hold their investment property.

Used judiciously, the 1031 exchange is a powerful investment tool that individuals can leverage to both build wealth and maximize their potential purchasing power.

BENEFITS OF A 1031 EXCHANGE

- ▶ Diversify and/or consolidate real estate investment holdings.
- ▶ Relocate investment properties from one U.S. region to another.
- ▶ Exchange out of management-intensive properties into more passive management options.
- ▶ Preserve capital and increase cash flow.
- ▶ Provide a tax-free asset to heirs.

REQUIREMENTS OF A 1031 EXCHANGE

In order to obtain the full benefits of tax deferral:

- ▶ The replacement property must have value equal to or greater than the relinquished property. If taxpayers opt to purchase a replacement property of lesser value, they will have to pay capital gains on the "boot," or difference between the sales price of the relinquished property and purchase price of the replacement property.
- ▶ All proceeds from the sale of the relinquished property must go toward the acquisition of the replacement property.
- ▶ All replacement property must be identified within 45 days and acquired within 180 days from the closing of the sale of the relinquished property.

"LIKE-KIND" DEFINITION

In order to be eligible for a 1031 Exchange, the IRS stipulates that both the relinquished and replacement properties be of "the same nature or character, even if they differ in grade or quality." Intent is the key, and it must be established that both the sale and purchase properties were held for either investment or business use. For example, one can exchange an apartment building for a farm, or a warehouse for an office building, as long as both properties meet these requirements.

1031 EXCHANGE TIMELINE

< DATE OF RELINQUISHED PROPERTY SALE



< 45 DAYS IDENTIFICATION OF REPLACEMENT PROPERTY



> 180 DAYS PURCHASE OF REPLACEMENT PROPERTY

VARIETIES OF EXCHANGES

DELAYED EXCHANGE

The relinquished property closing occurs prior to the acquisition of the replacement property. Taxpayer has 45 days to identify the replacement property and 180 days to complete the purchase.

SIMULTANEOUS EXCHANGE

Ownership of the relinquished and replacement properties both transfer concurrently.

REVERSE EXCHANGE

Taxpayer purchases the replacement property before the sale of the relinquished property. Taxpayer has 45 days to identify the relinquished property and 180 days to complete the sale.

IMPROVEMENT EXCHANGE

Enables taxpayer to make improvements to a replacement property and utilize the value of those improvements in a 1031 exchange.



WHAT YOU GET WHEN CHOOSING PEAK 1031 EXCHANGE

- ▶ Direct access to the professionals handling your exchange.
- ▶ The security necessary to protect your exchange funds;
- ▶ The expertise and experience of recognized leaders in the 1031 exchange industry;
- ▶ Reasonable and flexible pricing;
- ▶ Ability to handle the most complex transactions including reverse and "build to suit" exchanges.

Our specialists on staff are well versed in 1031 Exchange transactions and are equipped to guide clients through the entire exchange process. We are a Qualified Intermediary and a member of the Federation of Exchange Accommodators (FEA).

As members of the Peak Corporate Network, we draw on the collective experience of a leading national authority in the real estate industry. We have strong relationships with highly-rated financial institutions and internal operating procedures that maintain compliance standards through a unique system of checks and balances. We carry both Fidelity bond and Errors and Omissions insurance coverage.

PEAK 1031 EXCHANGE IS A
NATIONWIDE FULL SERVICE QUALIFIED
INTERMEDIARY THAT PROVIDES
UNPARALLELED EXPERTISE, SERVICE,
AND SOLUTIONS FOR ITS CLIENTELE.



IS PART OF THE **PEAK CORPORATE NETWORK**

The Peak Corporate Network entities provide a full array of comprehensive real estate services nationwide. Our clientele of homeowners, agents, lenders, investors and financial professionals depend on us to deliver expertise and dynamic solutions to meet all of their real estate needs.

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The Peak Corporate Network is a brand that represents a group of related separate legal entities, each providing its unique set of real estate services.

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