

# 1031 ADVISOR

Serving the Professional Advisors to Real Estate Clients since 1989



Stephen L. Robison, J.D., LL.M.

Providing tax advice on like kind exchanges.

Strategic Property Exchanges, LLC serves as Qualified Intermediary on Section 1031 Exchanges, including forward, reverse, and parking arrangements.

For more information call 513-412-3483 or email at [steve@robisontaxlaw.com](mailto:steve@robisontaxlaw.com)

## In Next Month's Issue

- What is a Tenant in Common Investment?
- **Like Kind Real Estate Exchanges in Ohio**—a seminar sponsored by Lorman Education Services and taught by Stephen L. Robison and Melissa M. Pozniak.

## WHY EXCHANGE?

There comes a time where the owner of real estate or other business property decides to sell the real estate or business property. If the owner is successful, the sales price will represent appreciation on the investment in such asset, or in the case of personal property, a

fair return after substantial use of the machinery or equipment in his business. Eighteen years as a Qualified Intermediary has taught me that no two exchanges are alike. Each client has a unique set of facts as part of his decision to sell. The most important part of every

exchange is to explore with the client his reasons for selling and his reasons for repurchasing. Together, we can use our years of experience to navigate through the Exchange and meet the needs and wants of your client.

## NON TAX MOTIVES FOR A TAX DEFERRED EXCHANGE

- ♦ Trading Up. An investor can improve the quality of the investment he or she owns.
- ♦ Change the type of investments, such as management intensive property to less management intensive property or to change the relative risk in certain types of investment.
- ♦ To improve the rate of return on investments, from non income producing to income producing or from low appreciation potential to high appreciation potential.
- ♦ To provide geographic or economic diversity of investments.
- ♦ To restructure liabilities.
- ♦ To restructure ownership structure or redeem out investors.
- ♦ Reduction of federal and state income taxes provides additional capital to invest in additional properties and financial independence.

## WHAT IS A "REVERSE EXCHANGE" AND HOW CAN IT WORK FOR YOUR CLIENT? PART II

As we discussed in an earlier newsletter, a "Reverse Exchange" allows the investor to purchase suitable replacement property first, before the sale of the property currently owned. The mechanics of a Reverse Exchange are as follows:

- ♦ The Exchange Intermediary and the Investor enter into a Reverse Exchange Agreement

- ♦ The Exchange Intermediary must be an unrelated party

- ♦ The Exchange Intermediary must not be the taxpayer's agent, attorney, accountant, family member, or business associate

- ♦ The Exchange Intermediary can acquire and hold the replacement property for up to 180 days

- ♦ The property to be sold must be identified within 45 days

- ♦ The IRS Ruling permits all kinds of dealings between the investor and the Exchange Intermediary including, loans, guarantees, leases, and management of the property on non-arm's length basis. For more information, stayed tuned or call our office at (513) 412-3483 or email at [steve@robisontaxlaw.com](mailto:steve@robisontaxlaw.com)