

# 7 REASONS WHY Multifamily Passive Investors Should Use 1031 Exchanges!

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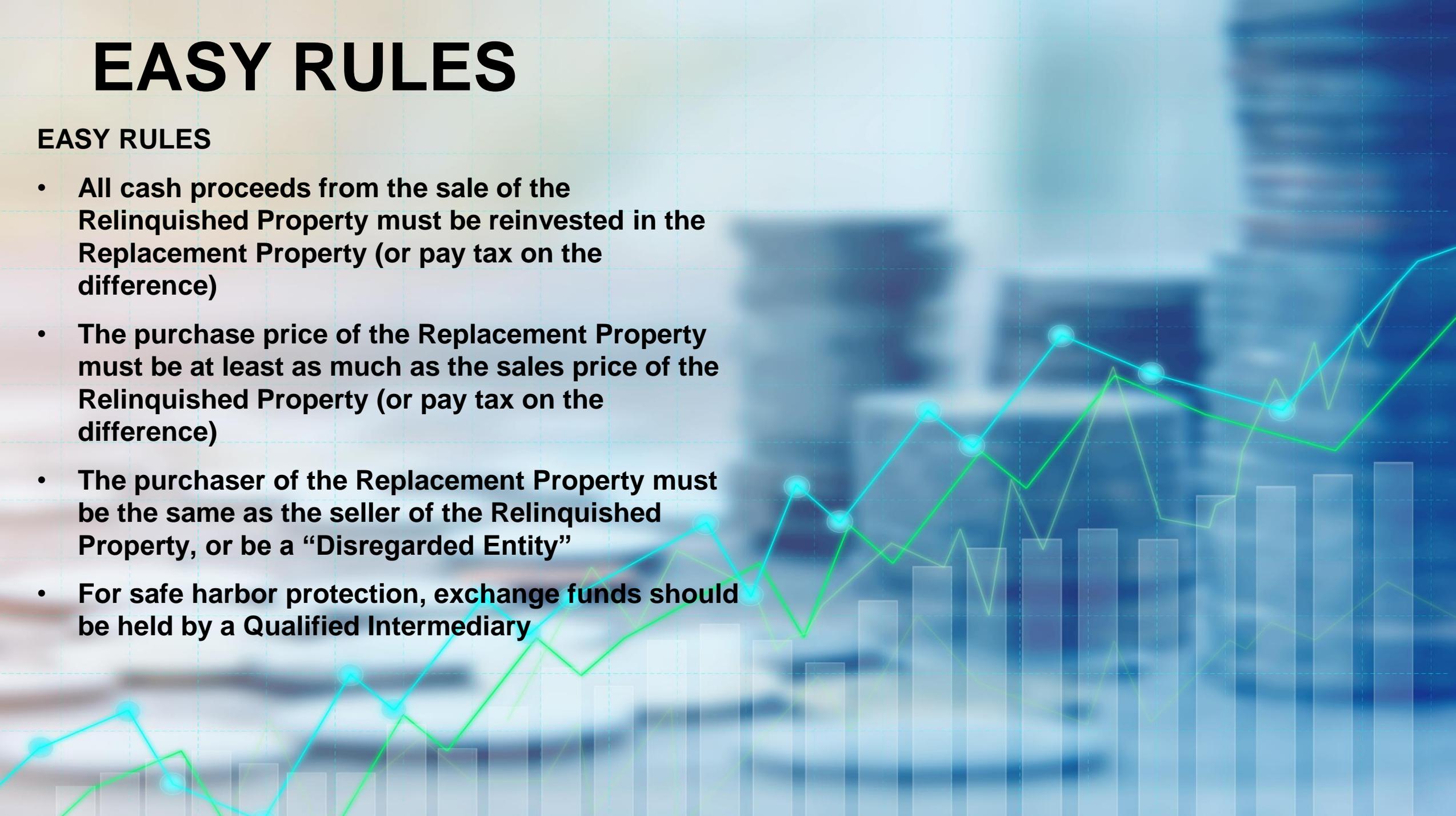


# What is a 1031 Exchange?

- Section 1031 of the IRS tax code allows property owners to sell one or more of their properties and exchange with one or more “like-kind” *replacement* properties.
- The tax code enables a taxpayer to sell investment property with little or no tax liability on any resulting gain – preserving the sale proceeds for the purchase of another property.
- **HELPS INVESTORS = Continue an Investment without adverse tax consequences!**

# EASY RULES

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- All cash proceeds from the sale of the Relinquished Property must be reinvested in the Replacement Property (or pay tax on the difference)
  - The purchase price of the Replacement Property must be at least as much as the sales price of the Relinquished Property (or pay tax on the difference)
  - The purchaser of the Replacement Property must be the same as the seller of the Relinquished Property, or be a “Disregarded Entity”
  - For safe harbor protection, exchange funds should be held by a Qualified Intermediary
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# 7 Reasons Why To Use 1031 Exchanges In Multifamily!

1. DEFERRAL OF HAVING TO  
PAY TAXES ON THE GAIN!
2. INCREASING BUYING  
POWER – BUYING BIGGER!
  - Single Family to  
Multifamily!
3. INCREASING CASH FLOW!



# 7 Reasons Why To Use 1031 Exchanges In Multifamily!

**4. ABILITY TO INVEST INTO  
HOT MARKETS AROUND THE  
COUNTRY!**

**5. AVOIDING MANAGEMENT  
HEADACHES!**



# 7 Reasons Why To Use 1031 Exchanges In Multifamily!

**6. NO LIMIT TO HOW MANY  
TIMES YOU CAN DO 1031  
EXCHANGES!**

**7. PRESERVE YOUR EQUITY  
FOR YOUR ESTATE AND  
HEIRS!**





# TIC AGREEMENT

- You are \_\_\_\_\_  
CO-OWNERS, Not Partners

- Your Ownership  
With the TIC Parties will be governed by a TIC  
Agreement

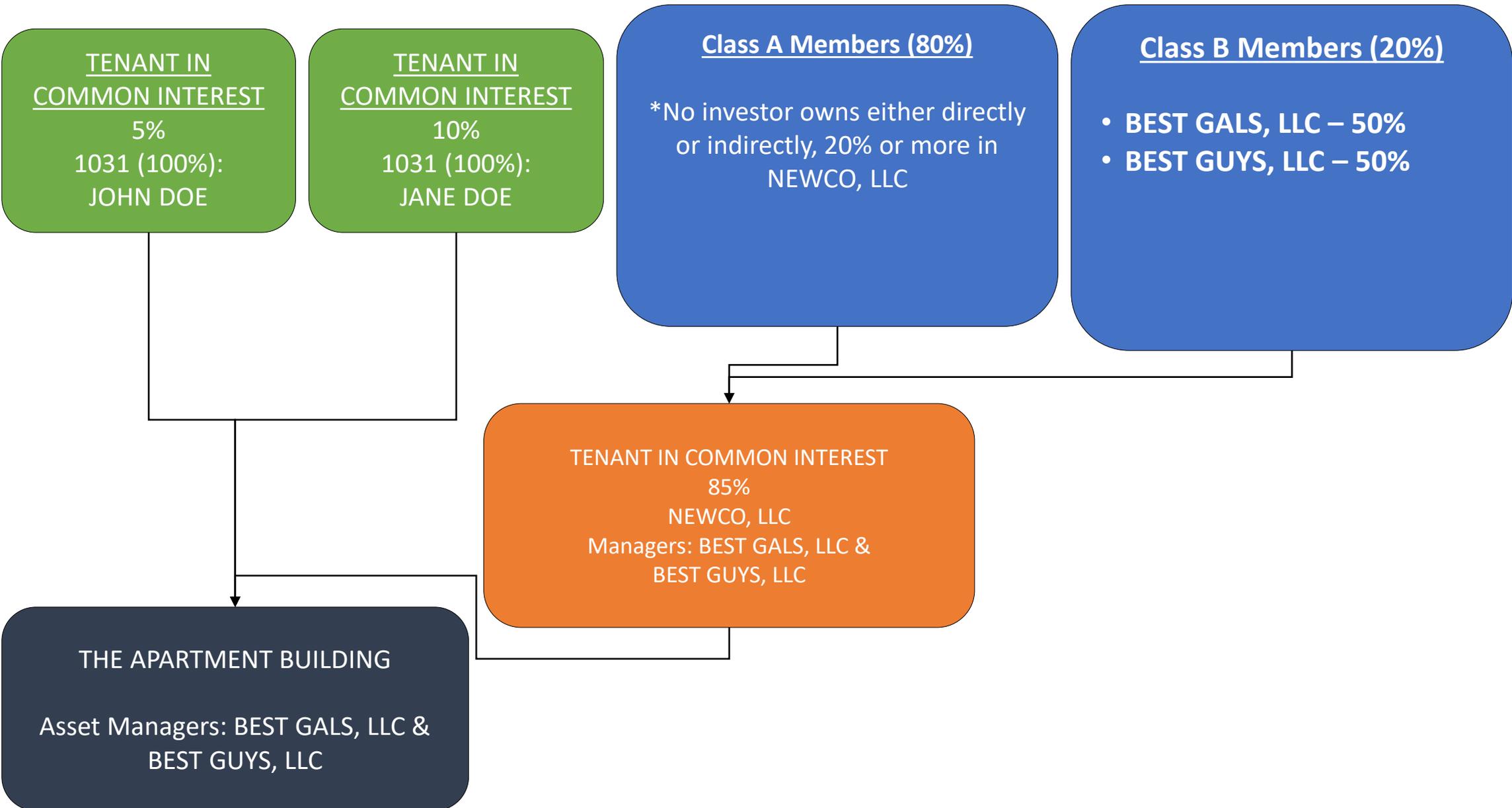
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# TENANTS IN COMMON aka TIC

- **Tenants in common**  
Ownership in which two or more people/entities own separate shares of the same real property. Each person holds an individual, undivided ownership interest!



# TYPICAL STRUCTURE OF OWNERSHIP



# RECAP

1. Deferral of Taxes on Gain!
2. Increasing Buying Power!
3. Increase Cash Flow!
4. Investing Around the Country!
5. Avoid Management Headaches!
6. No Limit on Using 1031!
7. Preserve Your Equity For Your Heirs!

