



THE INFORMED
INVESTOR

THE BASICS OF THE 1031 EXCHANGE

Deferring taxes on real estate
to build generational wealth.

with Guest Speaker, **Brandon Burns**, MBA, CES of
Vanguard 1031 Exchange



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AGENDA

01. The Informed Investor Introduction
02. Introduction to our Guest Speaker
03. What is a 1031 Exchange?
04. 4 Major Hurdles required by the IRS.
05. What does “Like-Kind” mean?
06. 4 Major Types of Exchanges
07. Examples
08. Exchanging into a TIC investment
09. Q&A





THE INFORMED INVESTOR

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EDUCATIONAL WEBINARS

What is The Informed Investor?

- It's an **online education platform** to help real estate investors become **better informed** on US Real Estate, specifically the Multifamily and Build-to-Rent sectors.
- With 50 states, hundreds of submarkets, and many different asset classes, we're here to **reduce the noise** and give you value by providing you with the **tools, statistics** and **education** before investing your hard-earned capital.
- From taxes and estate planning to learning how to pick the right market, this is your **hub for free content**.





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WEBINAR REPLAY

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WEBINAR REPLAY

**Common Red Flags When Investing in a
Real Estate Fund or Syndication**

MEET ANKUR CHADHA



Ankur Chadha

Founder & CEO

About Ankur

- In the commercial real estate space since 2008.
- Transacted over \$200MM worth of real estate and brings an abundance of transactional and management experience.
- Licensed real estate broker in the state of California (02163100).
- Built a \$25MM personal portfolio of commercial real estate.
- Actively investing in Multifamily and Build-to-Rent assets specifically in growth markets across the sun-belt and mid-west.



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FOXTAIL
CAPITAL

MEET BRANDON BURNS



Brandon Burns

Founder & CEO



About Brandon

- Seasoned Real Estate Tax advisor, senior leader for a 1031 Exchange Qualified Intermediary and Certified Exchange Specialist®.
- Over four thousand 1031 exchange transactions under his belt.
- Served in investment committees for real estate Family Offices and private funds.
- Spends a lot of time educating investors and their advisors on the intricacies of Internal Revenue Code Section 1031.

VANGUARD 1031 EXCHANGE

BASICS OF A 1031 EXCHANGE

Presented by Brandon Burns



On Today's Agenda

Our Discussion Points

4 Major Hurdles Required by the IRS to
Perform a fully Tax Deferred Exchange

Like-Kind Properties

Different 1031 Exchanges

4 Major Hurdles required by the IRS

Hurdles of 1031 exchanges

- Time
- Value
- Financial
- Continuity of Ownership

1. Time Sensitive



PROPERTY GOES ON THE MARKET

DAY 1

The IRS counts the day you CLOSE as Day 1 of your exchange. Whatever date is on the closing statement

DAY 45

You have 45 days from close of escrow to identify a number of potential replacement properties.

DAY 180

You have 180 days from close of escrow to close on one of the properties identified in the first 45 days.

2. Value of Property

NET SALES PRICE

You must purchase the same amount of real estate (or greater) as your "Net Sales Value" (*gross sales price minus non-optional closing costs*) in order to avoid all taxes.

3. Financial

Restrictions

- You must not take “constructive receipt” of funds.
- Any amount that goes to the seller’s bank account - or that the seller has any control over at any time - becomes taxable.



4. Continuity of taxpayer

The same **Taxpayer** that sold their property must be the same Taxpayer that purchases the investment property.

This often means the same entity - but not always.

The sale and the purchase must show up on the same tax return.



What Does Like-Kind Mean?

Many people believe that like-kind properties must be of the same size or type to qualify.

But that's not true—different types of assets can be exchanged as long as they are "Real Property".

Primary residences—which are for personal use for the most part—do not qualify and cannot be exchanged.

Replacement properties must be held for business or investment purposes.

Here are a few examples of like-kind property exchanges:

- A multifamily property for an industrial building
- Vacant land for a medical complex
- An apartment building for a shopping center
- A hotel for a retail property
- A condo rental for a single-family rental

4 MAJOR TYPES OF EXCHANGES

FORWARD EXCHANGE

a taxpayer sells their old property, secures a replacement property within 45 days, and completes the purchase within 180 days.

REVERSE EXCHANGE

A reverse exchange involves acquiring a replacement property before selling the relinquished property

SIMULTANEOUS EXCHANGE

where the sale of the old property and purchase of the new one occur at the same time. Instant transition.

BUILD TO SUIT EXCHANGE

A build-to-suit exchange is where proceeds fund construction or improvement of replacement property,



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Q&A



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