

Expert \* Trusted \* Knowledgeable  
Experienced \* Professional \* Ethical

## Quality

The quality of the documentation and consulting services provided during your 1031 Exchange are critical to its success. To ensure the highest level of service as a National "Qualified Intermediary" under Internal Revenue Code Section 1031, the principals of 1031 Exchange Specialists, Inc., George M. Christofely and William T. Steffens, are proud to have exchanged properties aggregating over \$2 billion throughout the United States and U.S. Virgin Islands.

## Safety

To ensure the safety of your exchange funds, 1031 Exchange Specialists, Inc. only deposits 1031 funds with FDIC insured institutions in segregated savings accounts, in a manner that provides liquidity and preservation of principal.

**1031 Exchange Specialists, Inc.**  
So much more than a Qualified Intermediary.

When you're structuring your next 1031 exchange, there's no room for guesswork.

Peerless strategy, masterful interpretations, and insightful analysis are just a few of the advantages we bring to your exchange. As your Qualified Intermediary, you'll find us indispensable.

Whether exchanging a rental cottage at the shore, a commercial warehouse, or an airplane, we stand ready to help you save tax dollars.

**Your tax savings is our business!!!**



George M. Christofely, CPA\*  
President



William T. Steffens  
Executive Vice President



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**Qualified Intermediary  
for 1031 Exchanges**



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Ocean City, New Jersey 08226

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## History of Exchanges

The non-recognition of gain or loss on the exchange of property was first introduced in 1921, some three years after the imposition of income taxes, on the basis of continuity of investment or liquidity, and administrative convenience. The early exchanges were direct simultaneous exchanges between two and three property owners. The Exchange process has evolved significantly throughout the years, as follows:

## The Process is Simple!

1. Market your property for sale.
2. Find a qualified Buyer.
3. Enter into a Contract of Sale with your Buyer.
4. Execute an Exchange Agreement and other exchange documents with us.
5. Assign your relinquish property contract rights to us, as Qualified Intermediary.
6. Provide us with the Settlement Agents contact information.
7. Schedule settlement of your relinquish property.
8. Relinquish the benefits and burdens of ownership to the Buyer.
9. Find a suitable replacement property and 2 alternates, if applicable.
10. Identify your replacement property to us by the 45<sup>th</sup> day.
11. Enter into a Contract of Sale with the Seller.
12. Where applicable, apply for mortgage monies, complete inspections, etc.
13. Assign your replacement property contract rights to us, as Qualified Intermediary.
14. Provide us with the Settlement Agents contact information.
15. Schedule settlement of the replacement property.
16. Assume the benefits and burdens of ownership from the Seller by the 180<sup>th</sup> day, or tax return due date, whichever comes first.

## Why would someone choose to do a 1031 exchange?

No one enjoys paying taxes!  
Putting emotions aside, there are several practical financial reasons for choosing to complete a 1031 exchange, such as...

1. Consolidation or diversification of investments.
2. Greater appreciation and leverage opportunities.
3. Increased cash flow.
4. Relocation of investments.
5. Exchanging low basis property for high basis property.

A taxpayer should consider the tax savings as a means of building wealth. 1031 Exchange Specialists, Inc. will provide expert guidance when deciding whether a 1031 exchange is right for you.  
**Call for a FREE consultation.**

## Avoid Taxes and increase Investment Potential

- Long Term Capital Gains Tax
- Short Term Ordinary Income Tax
- Depreciation Recapture Tax
- Alterative Minimum Tax
- Medicare Tax
- State Income and other Taxes

## Items to Consider

- Applicability of an I.R.C. 1031 exchange for your specific situation.
- State recognition of I.R.C. 1031 exchanges.
- Deductibility of expenses incidental to the acquisition and disposition of property.
- Special provisions for selling to or purchasing from a related person.
- Tax reporting requirements of an I.R.C. 1031 exchange.
- Rules and time frames for completing an I.R.C. 1031 exchange.
- Requirements for identifying replacement property under the 45-day rule.
- Requirements for personal property incidental to the exchange. (e.g. furniture and furnishings)
- Purchasing a replacement property of lesser value than the property relinquished.
- Increasing/decreasing mortgages in an I.R.C. 1031 exchange.
- Safe Harbors for holding 1031 funds.
- Rules for returning funds to you during the exchange or upon completion.
- Consistency in title for relinquished and replacement properties.
- Reporting interest income earned on exchange escrow funds in the proper tax year.