

TOP 1031/DST TIPS

1. TAX DEFERRAL

It's all about deferring federal and state taxes on the sale of investment or business property.



2. TAX FORGIVENESS

The heirs of an investor receive a stepped-up tax basis on death. So the heirs can sell without taxation, converting deferral of taxation under Section 1031 into complete forgiveness.

3. ACQUIRE HIGHER QUALITY REPLACEMENT PROPERTY

The DST structure permits a small investor to acquire higher quality replacement property than they could afford to purchase on their own.

4. DIVERSIFY TO REDUCE RISK

DSTs have a low minimum investment amount. Investors can acquire a number of DST replacement properties. Diversification reduces concentration risk from owning a single property.

5. HASSLE FREE INVESTING

The sponsor does all the work. The sponsor sources the property, conducts the due diligence, negotiates the loan, closes the purchase, manages the property, and sells the property at the end of the holding period. The sponsor provides quarterly reports and an annual tax package. DSTs are a passive investment; freeing investors from the hassles of property management.

6. DSTs PRODUCE "MAIL-BOX" MONEY

DST distributions are paid monthly to investors by direct deposit, directly into the investor's bank account.



7. LIABILITY PROTECTION

The DST structure protects each investor from liabilities associated with the property.



8. DEBT REPLACEMENT

The sponsor sources debt needed by most investors to complete their 1031 exchange. DST loans are nonrecourse – investors are not obligated to repay the debt. The sponsor is the key principal for lenders.

9. STRICT DUE DILIGENCE PROCESS

The sponsor conducts rigorous due diligence on each property. Investors can review the due diligence via internet-based drop box, including appraisal, property condition report, environmental reports, title report, survey, zoning report, etc.

10. ABILITY TO SHELTER DISTRIBUTIONS

Through use of cost segregation study or trade up with debt, investors may shelter a portion of their distributions from taxes, thereby generating higher after-tax returns.

