



CASE SCENARIOS

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THE SMITHS

* **Tim and Sally Smith** started building their family and hard earned savings at a very early age. A contractor, Tim built homes and condominiums, and was able to purchase two 8-plexes while still in his 30s. Tim has been running to his properties to repair roofs, replace plumbing, pour new driveways and chase late rents. His properties were over 20 years old and he was no longer breaking even due to constant repairs.

The Smith's family has grown and have children of their own. It was finally time for them to sell their income properties, and exchange them for two institutional-grade real estate investments.

Tim and Sally heard about an IRC §1031 Exchange through their financial advisor, studied the rulings, sold their holdings and diversified the proceeds into two Tenant-in-Common (TIC) assets with other accredited investors who share undivided fractional interests in a 10-story office building and an industrial warehouse in two major markets in California. Their deed reflects their percentage of investment they originally put into the property.

Their children and grandchildren can continue exchanging their TIC interests through perpetuity.

* **John and Jennifer Travino** bought their ranch several years ago yearning for the day they could retire together. John owned a mini warehouse and several acres of raw land in the valley. He was driving from the mountain ranch into the valley at least 4 days per week to oversee the maintenance and management. He was frustrated by escalating property taxes and upkeep every year.

Their vacant raw land was earning zero income while incurring annual tax fees, so they met with their attorney who informed them about their right to sell the properties, exchange the proceeds into equal or greater value managed properties, and defer capital gains until the day he and his wife decided to just sell out. At that time, John and Jennifer will either pay capital gains taxes, or continue exchanging up as joint Tenant-in-Common investors.



THE TRAVINOS

* These case scenarios are fictitious and are solely meant to portray three different possibilities why accredited investors invest in Tenant-in-Common arrangements.

* **Professor Richard Orlandski** has taught psychology at a prestigious university for 40 years. Fortunately, he inherited three commercial properties two decades ago and has been attempting to balance his management duties along with his career. Richard planned his retirement a year ago because he no longer wished to be a direct property owner.

Professor Orlandski has an annual income exceeding \$200,000 and will again this year. Richard met with his financial advisor who informed him about IRC §1031 Property Exchanges and Tenant-in-Common undivided fractional interests in real estate that are completely managed by the real estate sponsor.

When Richard decided to sell his family real estate portfolio, it was barely breaking even between raising real estate taxes, maintenance and his kind heart not to raise rents. He improved his situation with a §1031 Exchange. Instead of expending countless hours and dollars in properties that he managed, he has since exchanged those properties, and has availed his portfolio to an improvement in income stream.



PROFESSOR ORLANDSKI

TENANTS-IN-COMMON

The Smiths, The Travinos and Professor Orlandski have something in common. They have experienced improvement in their financial circumstances through the use of a §1031 Exchange. Harold and Eric Kuchel would like the opportunity to assist investors and property owners with similar circumstances by sharing our knowledge and experience in this area with you.

ARE YOU SOMEONE WHO COULD BENEFIT FROM A SIMILAR SITUATION...

and wish to better understand the rules and regulations of an IRC §1031 Real Estate Exchange and Tenant-in-Common?

If so, please call us and we will educate you and your family about the risks and rewards of exchanging real property into equal or greater value managed properties so you also can be free of management drudgery, simply retire and go on your merry way.

Using IRC §1031 to defer capital gains taxes and provide current income can be a vital financial planning tool. Combining it with the Tenant-in-Common structure can turn your property owning headaches into income producing pleasures. West Coast Exchange has the knowledge and due diligence expertise to help each investor compare and contrast the property best suited to their individual needs, as well as the experience to painlessly guide you through the §1031 process.

Please call us today to schedule a one-on-one personal meeting.

This newsletter does not constitute an offer to sell or a solicitation of an offer to buy any security, which can be made only by the appropriate offering documents. Any §1031 transaction should be reviewed by your legal advisor(s) and/or tax advisor(s) for suitability, risk, tax liabilities, etc.