



3 steps to a 1031
tenant-in-common
real estate exchange



What is a 1031 exchange?

- A transaction used to **sell qualified property** and allow **reinvestment of proceeds** into **another qualified property**
- A tool to **defer capital gains, depreciation recapture and state tax** on the sale property **indefinitely** (if certain criteria are met)

What is a tenant-in-common (TIC)?

- A form of holding **title in real property**
- A group of 2 to 35 investors, each owning an **undivided fractional interest** in what is often an institutional-quality property
- Involves a property offered by a sponsor/real estate syndicator who packages a commercial or multifamily project, with **ongoing management included**
- A **qualified property reinvestment** that is often used by those participating in a **1031 exchange**

How can a TIC benefit me?

- **Secure, institutional-quality tangible asset** that you may not be able to obtain on your own
- May provide **higher cash flow** and **greater appreciation** than traditional real estate investments
- **Maximization of tax benefits** by deferment of capital gains
- **No day to day management responsibilities**
- **The ability to diversify geographically**, and among various asset classes, regardless of where you live
- Generally **quicker and simpler** than traditional real estate transactions
- May provide an additional **identification strategy for 1031 exchange** participants facing a 45 day deadline
- AFA's financial professionals are licensed to offer securitized TIC's, which are syndicated to include ongoing management and **may provide a more stabilized income**
- Securitized TIC offerings are **regulated by the SEC and FINRA**

step 1

sell your property

Contact an AFA Financial Group representative as early as possible, so they can assist you with your 1031 exchange.



Get the ball rolling.

Important requirements regarding the sale of your property:

- Consult with a tax advisor prior to the sale of your property.
- Instruct your real estate agent to insert a clause in the contract requiring the buyer to cooperate with the exchange process.
- Inform your escrow officer that you will be engaging in a 1031 exchange to ensure funds are placed with a qualified intermediary (also known as an accomodator).
- At the close of sale: engage in a 1031 exchange, identify the exchange property(s) within 45 days, complete the TIC exchange(s) within 180 days.

Some properties that qualify for sale to exchange with a TIC are:

- Raw land and farm land
- Single-family rental homes
- Commercial property including: office buildings, shopping centers, apartment complexes and industrial facilities
- Oil Fields/quarries
- Leases 30 years +

Your exchange may involve multiple properties, asset classes and/or locations.



step 2

exchange your property



I have sold my property and my funds are now held by a qualified intermediary. What's my next step?

You are ready to proceed with the 1031 exchange.

Follow these rules in order to retain full tax deferment benefits.

- Work with an experienced AFA representative to find suitable replacement properties of equal or greater value.
- The property you sold and the replacement property(s) must be "like-kind". This means that both properties must be held for investment or productive use in business or trade.
- Based on instructions from your qualified intermediary, identify the replacement property(s) in writing. There are three options available for identification of replacement property:
 1. You may identify up to three properties of any value, or
 2. You may identify more than three properties, as long as their combined fair market value does not exceed 200% of the value of the Relinquished Property, or
 3. You may identify any number of properties of any value, as long as you acquire 95% of those properties.
- Reinvest all the equity in the replacement property(s), and assume equal or greater debt than the debt on the relinquished property. If the debt is less, you may contribute additional cash to balance the exchange.
- The replacement property(s) must be identified within 45 days and closed on within 180 days.

Your knowledgeable **AFA** representative is a valuable resource and can provide you with guidance through the exchange process.

Contact AFA at

800 655-7526

or visit us online

www.goAFA.com



step 3

purchase your TIC property

AFA Financial Group specializes in providing access to quality tenant-in-common properties.

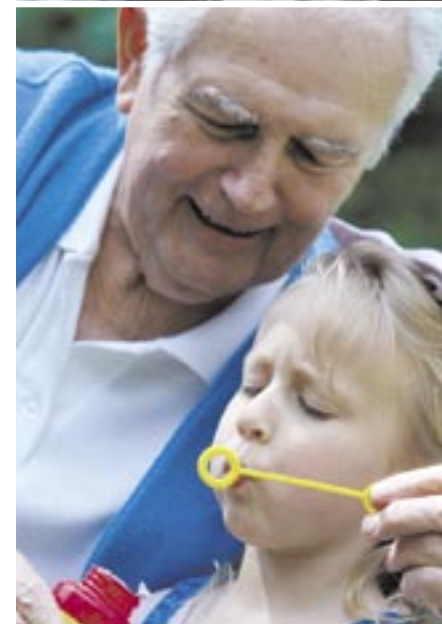
We maintain valuable relationships with a multitude of property sponsors (sellers). Types of replacement properties our sponsors offer include:

- Office Buildings
- Industrial Facilities
- Retail Shopping Centers
- Raw Land
- Apartment Complexes
- Student/Senior Housing
- Royalty Programs

AFA offers securitized TIC exchange opportunities. Our financial professionals are licensed to sell securities; most real estate agents and others are not. A securitized TIC opens the door to a wider array of quality replacement properties. In fact, as much as 90% of replacement properties in the TIC market are securitized and are available only to those licensed to sell them. An additional benefit of securitized real estate is that it includes comprehensive and transparent due diligence and disclosures, and must adhere to strict standards regulated by the SEC and FINRA. Finally, only securitized TICs are syndicated to include ongoing daily management, while providing what is often a secure, steady stream of income.

Let us take care of the details.

- When you are ready, AFA will assist in the purchase transaction between you and the sponsor.
- At closing, you and the other investors will receive an individual deed, for your partial interest in the property.
- Each property comes with a management team in place - significantly limiting day to day frustrations for you.



Spend your time enjoying
the important things in life.

Who is AFA Financial Group (AFA)?

AFA Financial Group is a financial services broker-dealer, owned and operated by accountants and financial planners, with extensive experience in supplying their clients with the finest service, customized investment strategies, and products tailored to their individual needs.

AFA is known in the real estate industry for maintaining the highest standards for sponsors and their offerings.

What is the AFA + ?

The + is AFA's proven strategy for adding value:

- + Diversified 1031 TIC real estate exchange programs
- + Limited partnerships/Private placements
- + Investment alternatives to reduce, defer or eliminate tax
- + Complete retirement and estate planning strategies
- + Personalized service
- + Highly regarded due diligence
- + Comprehensive asset management products
- + Fee and/or commission based platforms

Our personalized, methodical and tactical approach to investing incorporates:

- + Essential fundamentals and research
- + Risk assessment
- + A wide range of investment opportunities
- + Independent money managers
- + Seasoned and well-trained professional representatives
- + Synergistic alliances

This methodology has lead AFA to become one of the country's largest equity generators in the 1031 TIC real estate exchange marketplace.

Find out how **AFA**
can make the **+**
a **winning addition**
to your investment plan

 **Financial Group, LLC**
Member FINRA, SIPC

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goAFA.com