

# Reasons to Exchange and Take Advantage of the Law

100% deferral of both  
Federal and State  
Capital Gain Taxes

Leverage to a more  
Valuable Property

Management Relief by  
Exchanging Multiple  
Properties with One

Estate and Retirement  
Planning

Diversification through  
Exchanges

The Internal Revenue Code Section 1031 states that *"no gain or loss shall be recognized on the exchange of property held for productive use in a trade of business or for investment if such property is exchanged solely for property of like kind which is to be held either for productive use in a trade or business or for investment."*

Champions Title Corporation is a settlement corporation that does not provide tax or legal advice when acting as a QI. Exchangors and investors are strongly recommended to obtain tax and legal advice from their tax attorney or tax accountant on the tax implications of a Section 1031 Exchange.



**CHAMPIONS TITLE  
CORPORATION**

1650 Tysons Blvd., Suite 220  
McLean, VA 22102

Phone: 703.286.6100  
Email: [info@ChampionsTitle.com](mailto:info@ChampionsTitle.com)

## The 1031 Tax Deferred Property Exchange



**CHAMPIONS TITLE  
CORPORATION**

**703.286.6100**

**Do you have an investment property? A rental, a business or a raw land that you are about to sell but would like to reinvest the money in another property? Would you like to defer both federal and state capital gain taxes on the investment property?**

**Then let Champions Title Corporation, as a Qualified Intermediary assist you in this exchange transaction.**

**To defer federal and state capital gain taxes on the sale of your investment property, a Qualified Intermediary is necessary. The capital gain may be tax deferred on your investment property, but not your primary residence, your next property will most likely qualify for a 1031 Exchange.**

## **What is an IRC Section 1031?**

The Internal Revenue Code 1031 allows an owner of investment property to defer federal and state capital gain tax by exchanging it with a like-kind property.

Like-kind property can include but is not limited to single family rental, duplex, apartment, commercial property and raw land.

The investor uses the entire amount gained from the sale of relinquished property to purchase a replacement property of same or higher value.

The Code requires a Qualified Intermediary ("QI") to act as a neutral and receive the net sales proceeds so that the investor does not have a constructive receipt of any monies, thus subject to taxation.

## **Steps required for a 1031 Exchange**

Champions Title Corporation, as the QI for your exchange will facilitate the following:

- You (Exchangor) negotiate and sign an contract to sell old (relinquished) property. Include a language in the contract establishing your intent to do a tax deferred exchange.
- Retain Champions Title as your QI and assign contractual rights.
- Champions Title, as the QI, receives the funds from the sale of the relinquished property and invests; and instructs the settlement office to transfer title from you to the buyer.
- You have exactly 45 days (including Sunday and holidays) from the date of the closing of the old (relinquished) property to identify up to three (3) replacement (new) properties, and 180 days to purchase one or more of these properties.
- You sign a contract to purchase the replacement property and assign rights to Champions Title and include language that you intend to do a 1031 Exchange.
- Champions Title uses the exchange proceeds to complete the purchase and instructs the settlement agent to transfer title from the seller to you.

As your Qualified Intermediary, the professionals at the Champions Title Corporation will handle your 1031 Exchange by performing the following:

- Prepare the required Exchange Agreement
- Accept Assignments of required Sales Contract
- Notify parties of the Assignments
- Instruct the Settlement Agent relating to Exchange
- Hold and Invest the Exchange Proceeds
- Receive the 45-day Identification Notice
- Disburse the Exchange Proceeds for Settlement Purposes
- Facilitate the Transfer of Title from Seller or Buyer
- Provide Final Accounting of the Exchange Proceeds