MARK DIMERCURIO · 1031 CAPITAL SOLUTIONS

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The Tax-Smart Exit from Investment Real Estate

One bound guide — from the capital-gains math to the 1031 clock to the third option most owners never hear about.

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Chapter 1 — The tired landlord's dilemma

Most people who reach this book reach it for the same reason. It usually isn't the tax, and it isn't the market. Ninety percent of the time, when an owner of appreciated investment real estate finally picks up the phone, it's because they're **tired**. Tired of the tenants, the repairs, the rising insurance, the just-cause eviction rules and the rent caps — a myriad of obligations that used to feel manageable and somewhere along the way turned an investment into a second job.

The property has done its work. It appreciated, it carried you, and now the equity sitting inside it has quietly outgrown the income it produces. The instinct is simple: *sell, and be done.*

Then comes the hard question — **what happens to the tax?** — and most owners discover they can only see two ways out:

1. **Sell and pay the tax bomb.** Hand a meaningful slice of decades of equity to the IRS and your state, all at once.
2. **Keep landlording.** Hold on — and keep the tenants, the repairs, and the 2 a.m. phone calls.

What this book is about is the path most owners don't know exists: a **third option**. A 1031 exchange into professionally managed real estate lets you trade an *active* property for a *passive* interest **while deferring the tax** — keeping your full equity working instead of shipping a third of it off at the closing table.

Pay the tax bomb

Hand roughly a third of your equity to the IRS and your state, all at once.

Keep landlording

Hold on — and keep the tenants, the repairs, and the 2 a.m. calls.

The third option

A 1031 exchange — defer the tax AND step back from management.

Educational framework. A 1031 defers, not eliminates, tax. Individual results vary.

Nothing in these pages is a recommendation, and nothing here is an offer. The right answer depends on facts only you and your own CPA and attorney know. The goal of this book is narrower and more useful than advice: to **clear the fog** — so that by the last page you can ask better questions and make the decision with clear eyes, on your own timeline, rather than under deadline pressure after a sale is already moving.

Here's how it's laid out. Chapter 2 decodes the **tax bomb**. Chapter 3 explains the **1031 exchange** itself. Chapter 4 walks the strict **45- and 180-day clock**. Chapter 5 introduces the **Delaware Statutory Trust** — the structure behind the third option. Chapter 6 covers **how a specialist actually works** and shows two more real-world situations. Chapter 7 puts the choices side by side. Chapter 8 answers the **questions investors ask most**, and Chapter 9 is a plain-language **glossary**.

We'll follow one running example the whole way through — an entirely hypothetical Bay Area duplex — so each idea lands on the same set of numbers.

Chapter 2 — The tax bomb, decoded

When you sell a rental that has gone up in value, the bill is almost always bigger than owners expect — because it isn't one tax. It's up to **four**, stacked on top of each other. People have a name for what they feel at the closing table: the **tax bomb**.

It starts with your gain — and your basis

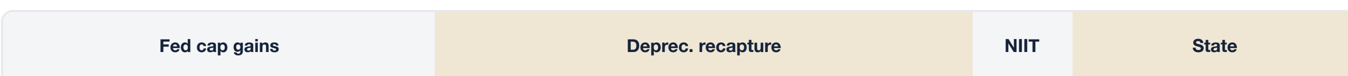
Everything is calculated on your **gain**, not your sale price: the sale price minus your *adjusted cost basis*. Adjusted basis is roughly what you paid, **plus** the improvements you made, **minus** the depreciation you've claimed over the years.

This is the part that catches almost everyone. The depreciation you deducted along the way *lowered* your basis — and a lower basis means a *larger* gain. The deductions that felt like a gift while you owned the property quietly enlarge the tax when you sell. To put numbers on it: a property with an original **$500,000** basis, after years of depreciation, might carry an *adjusted* basis closer to **$318,000** — and the gain is measured against that smaller figure, not the original price.

The four pieces of the bill

- **Federal capital gains.** If you held the property more than a year, the appreciation is taxed at long-term rates — up to roughly **20%**. Held a year or less, it's taxed as ordinary income, which is usually worse. The holding period matters.
- **Depreciation recapture.** The depreciation you wrote off gets "recaptured" at sale, taxed at a rate that can reach **25%**. This is the piece that surprises people, because it applies even if the property barely appreciated.
- **Net investment income tax (NIIT).** An extra **3.8%** can apply above certain income thresholds.
- **State income tax.** Anywhere from 0% to north of **13%**, depending on where you live.

The tax bite on a sale of appreciated rental real estate



- Federal capital gains — up to 20%
- Depreciation recapture — 25% on the depreciated portion
- Net Investment Income Tax — 3.8%
- State income tax — varies (e.g., up to ~13.3% in CA)

Total: roughly 30–40% of your gain

Illustrative combined rates; your actual tax depends on your basis, income, and state — ask your CPA. Individual results vary.

> All figures in this book are **hypothetical / illustrative — individual results vary.** Only your CPA can compute your actual numbers.

Add those together and the combined bite can reach well into the double digits as a share of your gain. On a property held for decades, that can be a six-figure check. That total — the whole stack — is exactly what a 1031 exchange is designed to **defer**.

A note on what this *isn't*: the primary-residence exclusion (the one that lets many homeowners exclude a chunk of gain on the home they live in) does **not** apply to investment property. Different rules, different math — which is exactly why the bill surprises rental owners who are used to hearing about the home-sale exclusion.

Meet the running example

Picture an investor who bought a Bay Area duplex decades ago for roughly **$220,000**. Today it's worth about **$1.7 million**, and the rent — while it has grown — never kept pace with the equity, so most of that value now sits in the building producing relatively little income. After years of depreciation, the adjusted basis is well below the purchase price, so nearly the entire $1.7M sale is gain.

Sold outright, the stacked bill — federal gains, recapture up to 25%, the 3.8% NIIT, and a high state rate — could **roughly** claim a meaningful slice of that gain, leaving materially less than the full $1.7M to redeploy. We'll carry this owner through the rest of the book. *(You can estimate the order of magnitude for your own sale with the calculator at markdimercurio.com/estimator — an educational gut-check, not tax advice.)*

Chapter 3 — What a 1031 exchange actually is

A **1031 exchange** — named for Section 1031 of the U.S. tax code — lets you **defer** capital gains and depreciation-recapture tax (and the NIIT and state pieces along with them) when you reinvest the proceeds from selling investment real estate into other **"like-kind"** investment real estate.

A century-old idea

Section 1031 has been in the code since **1921**, originally written so farmers could trade one parcel for another without a tax event interrupting the swap. The logic has held up for a hundred years: if you're *continuing* an investment rather than cashing out, the tax can wait. After the Tax Cuts and Jobs Act the rule applies only to real estate — but for real estate, it remains a powerful tool.

What "like-kind" really means

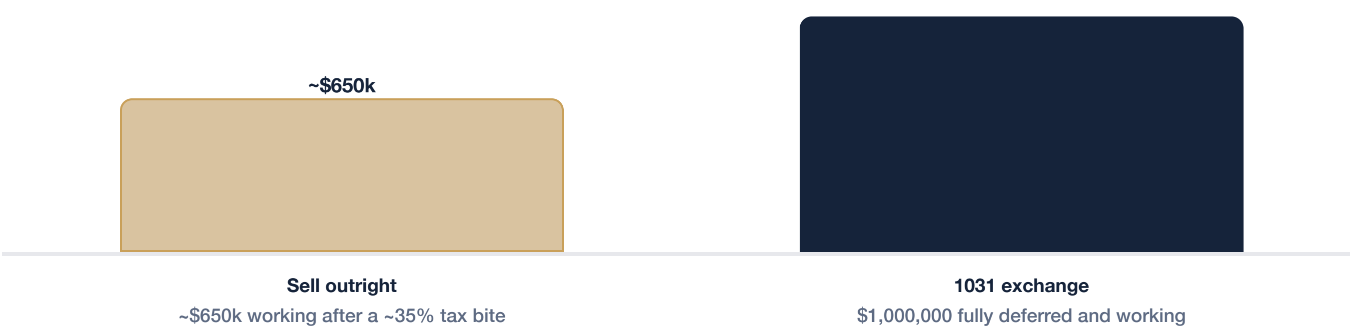
For real estate, "like-kind" is broad. Most real property held for investment is like-kind to most other such real property: a rental house for an apartment building, raw land for a commercial building — or a fractional interest in professionally managed real estate. A common misconception is that the two properties must be similar in type or size. They don't. **The standard is about *use*, not resemblance** — which is exactly why a single rental can be exchanged into a whole *mosaic* of different property types (more on that in Chapter 5).

Defer is not eliminate

This matters enough to say plainly: a 1031 **defers** the tax — it pushes it down the road, it does not erase it. Whether and when that deferred tax ultimately comes due depends on your future decisions, and in some circumstances a **step-up in basis at death** can change the picture entirely. That's a planning conversation for your CPA and estate attorney — not a guarantee from anyone. Anyone who tells you a 1031 "eliminates" your taxes is overselling it.

The practical effect is the whole point: deferral keeps your **full equity working** in real estate, rather than sending a slice to the IRS at the moment of sale.

The same $1,000,000 of equity, two ways



Illustrative 35% combined tax rate; a 1031 defers — does not eliminate — tax. Individual results vary.

The rule that trips people up: replace the price, not just the equity

You generally have to replace the **net sale price**, not just your equity — and you can't replace old debt with new equity alone. If there was a loan on the property you sold, it has to be matched with cash or new financing on the replacement. Fall short, and the difference (called **"boot"**) becomes taxable. *(This is one place a DST's optional built-in leverage can quietly solve a problem for a seller who can't, or doesn't want to, qualify for a new loan — we'll see a real case of it in Chapter 6.)*

A few variations worth knowing exist

This book covers the standard "forward" exchange most sellers use, but it's worth knowing the toolbox is larger, because your advisors may raise one of these:

- **Partial exchange.** You can exchange *some* of the proceeds and cash out the rest — you just pay tax on the part you keep (the boot).
- **Reverse exchange.** You buy the replacement *before* selling the old property (more complex and costlier, but sometimes necessary in a hot market).
- **Improvement / construction exchange.** Exchange proceeds are used to improve the replacement property within the window.
- **Related-party rules.** Exchanging with family or entities you control triggers special restrictions.

You don't need to master these — you need to know to *ask* about them. For our duplex owner, the headline is simpler: sell outright and a large share of that $1.7M never gets reinvested; exchange, and the **full ~$1.7M keeps working**.

Chapter 4 — The clock: 45 and 180 days

A 1031 exchange buys you deferral, but it asks for precision in return. The whole thing runs on two hard deadlines that start the day your sale closes — and missing either one, or touching the money, can disqualify the deferral and leave the entire gain taxable.

Day 0: your sale closes

The clock starts when the sale of your *relinquished* property closes. From that moment two deadlines run **in parallel** — they do not reset, and weekends and holidays count. There is no grace period for a closing that slips; the date the deed records is day zero.

45 days: identify in writing

Within **45 calendar days** you must **identify** your replacement property — or properties — *in writing*, signed and delivered to your qualified intermediary. Having one in mind isn't enough; it has to be formally identified, in a document, on time. There are two common ways:

- **Three-property rule.** Name up to three properties of any value, and close on any or all. This is the rule most exchangers use.
- **200% rule.** Name any number of properties, as long as their combined value is no more than 200% of what you sold.

This 45-day window is the tight one. Finding and committing to replacement property in roughly six weeks is why so many exchanges feel rushed — and why lining up your options *before* you sell matters so much.

180 days: close the exchange

You then have **180 calendar days** from the sale (or your tax-return due date including extensions, whichever is earlier) to **close** on the replacement and complete the exchange. Note the 180 runs from the sale date — it is **not** 180 days *after* the 45-day mark. The 45 days sits *inside* the 180; it does not extend it.

The 1031 clock: two strict deadlines

Day 0	Day 45	Day 180
Your sale closes	Identify replacement(s) in writing	Close the replacement

Both are strict calendar days — and a qualified intermediary holds the proceeds the whole time.

Both deadlines are strict calendar days. Plan before you sell. Individual results vary.

You can't touch the money

Between the sale and the purchase you cannot take receipt of the proceeds. A **qualified intermediary (QI)** — an independent third party — holds the funds and handles the exchange paperwork. If the cash hits your account even briefly ("constructive receipt"), the exchange generally fails. The QI has to be engaged *before* the sale closes; it can't be added after the fact.

Can the deadlines be extended?

Generally, no. The IRS occasionally grants limited relief in federally declared disasters, but you should never plan around an extension — assume the standard deadlines apply and build in margin. The deadlines reward preparation and punish improvisation.

For our duplex owner, the lesson is the one that runs through this whole book: **the best exchange is set up before the property sells**, not after.

Chapter 5 — The DST: the third option

So far we've covered the tax you're deferring and the rules for deferring it. Now the structure that makes the *third option* possible — deferring the tax **and** stepping out of active management at the same time.

What a DST actually is

A **Delaware Statutory Trust (DST)** is a way to own real estate *without* being the landlord. Instead of holding the deed to a building yourself, you own a fractional, **beneficial interest** in a trust that holds professionally managed, income-producing property — an apartment community, a medical-office building, an industrial portfolio. A sponsor (typically a large, institutional firm) acquires the property, places it in the trust, and offers fractional interests to investors. A trustee and the sponsor handle every management decision. The sponsors behind these offerings are generally substantial, multibillion-dollar operators — which is part of how an individual investor gets access to institutional-grade real estate that would otherwise be out of reach.

A DST beneficial interest can qualify as **like-kind replacement property** in a 1031 exchange. That's what makes it the third option in two common situations: when you want to defer the tax *but stop being a landlord*, and when you're up against the 180-day clock — because a DST is already assembled, it can be far faster to close than buying a building of your own.

From active to passive — and the mosaic

The defining feature of a DST is that ownership is **passive**. You don't screen tenants, sign leases, arrange repairs, or field the 2 a.m. call. You move from *active* to *passive* — trading the maintenance hassles and liability for a professionally managed interest.

From active landlord to passive owner

Active landlord	→	Passive owner
• Tenants • Repairs • Vacancies • Property tax • The 2 a.m. call	→	• Professionally managed • Potential monthly distributions • No operations

Distributions are not guaranteed and depend on the underlying property. Individual results vary.

And because interests are fractional, a single sale doesn't have to become a single building. You can spread the equity across a **mosaic** of institutional real estate — multifamily, industrial and logistics, medical office, self-storage, across different markets. One concentrated asset becomes a diversified one.

One mosaic of institutional real estate

Multifamily	**Industrial / Logistics**	**Medical office**
Self-storage	**Necessity retail**	**Student / senior housing**

Illustrative property types; availability varies by offering. Individual results vary.

How income works

A DST that holds income-producing property may make **periodic distributions** to investors from the rent it collects, in proportion to your interest. Crucially, **distributions are not guaranteed** — they depend entirely on how the underlying property performs, and they can be reduced or suspended. A DST is an investment, not an annuity; the income potential comes bundled with real risk.

The two structures — and why the difference matters

Not all DSTs are the same, and the difference shapes your flexibility for years:

- **Standard / fixed DST.** The trust holds a set portfolio and eventually **goes full cycle** — the sponsor sells the underlying real estate, typically around year six or seven, always market-dictated, never on a promised schedule. At that point you receive your share of any appreciation and you choose again: roll into another DST via a fresh 1031, return to active ownership, or cash out and pay the deferred tax. You get a decision point every cycle.
- **721 exchange / UPREIT ("pre-REIT").** Here the DST's property is eventually absorbed into a large REIT, often after a couple of years. The appeal is broader diversification and the *potential* for periodic liquidity through a redemption program. The trade-off is significant and permanent: once you hold REIT shares, they are **not** 1031-exchangeable — it's a one-time decision, and you can't 1031 out again later. Reporting also shifts to a K-1, with possible composite state filings.

Standard DST vs. UPREIT / 721 Exchange

	Standard DST	UPREIT / 721 Exchange
End state	Own to full-cycle sale; can 1031 again afterward.	Contribute to a REIT operating partnership for OP units.
Liquidity path	Illiquid until the DST sells.	OP units may convert to REIT shares over time.
Tax	Defers via 1031.	The 721 conversion is generally a taxable event when units convert or sell.

Simplified comparison; structures and tax treatment vary by offering — read the PPM and ask your CPA. Individual results vary.

Neither is "better." They serve different goals, and which — if either — fits is exactly the kind of thing to map out with your advisors before you commit.

Who can invest — and who shouldn't

A DST is a **security**, offered only to **accredited investors**, solely through a sponsor's **Private Placement Memorandum (PPM)**. Accredited generally means a net worth over **$1 million excluding your primary residence**, *or* income over **$200,000 individual / $300,000 joint** in the last two years — your advisor confirms which test you meet. A DST tends to suit investors who are selling appreciated property, want to defer the tax, and are ready to trade active control for a passive, longer-term hold. It is *not* a fit for anyone who may need their money back quickly, wants hands-on control, or isn't accredited.

The honest trade-offs

A DST solves the landlording problem — it does **not** remove investment risk. Before considering one, weigh all of this plainly:

- **Illiquidity.** DST interests are long-term holds with no public market; you generally cannot sell on demand.
- **Loss of control.** The sponsor and trustee make every operating and disposition decision.

- **Distributions are not guaranteed.** Income depends on the underlying property and can fall or stop.
- **Fees.** DST offerings carry fees and costs that reduce returns — read the PPM's fee disclosures closely.
- **Risk of loss.** Like any real estate investment, a DST can lose value, including loss of principal.

Chapter 6 — Why a specialist, and how the process works

You could assemble a 1031 exchange on your own. Most people who do it well don't — not because it's impossible, but because the deadlines are unforgiving, the replacement options are hard to access, and the cost of a mistake is the entire deferred tax. This chapter is about what a specialist actually does, so you can judge the value for yourself.

The diligence behind the third option

DST offerings are not all created equal. At any given moment there can be **hundreds** of syndicated DSTs in the market, sponsored by firms that range from excellent to ones you'd want to avoid. The core work of a specialist is **rigorous, conservative due diligence** — vetting sponsors, reading the PPMs, stress-testing the assumptions, and narrowing that wide field down to a short list (often on the order of **~30** offerings worth considering at a time). Access matters too: working through an established national back office (in our case, **Concorde**) opens the door to nationally syndicated DSTs that aren't available to the general public.

The posture that matters most: **never product-pushed.** The job is to fit a solution to *your* situation — not to move whatever inventory is on the shelf. Sometimes the honest answer is that a DST isn't right for you at all.

(About the firm: 1031 Capital Solutions is led by managing partners Rick Gann, an attorney, and Jason McMurtry, an MBA, with offices on the West Coast. Mark DiMercurio works directly with sellers and their existing CPAs and attorneys — education, not advice.)

The process, step by step

1. **Understand your situation.** Your property data *and* your personal goals — income needs, timeline, risk tolerance, estate plans.
2. **Compute true cash flow.** Honest numbers — accounting for capital expenditures and vacancy, not a single peak year — so you're comparing **apples to apples** against the alternatives.
3. **Educate on the options.** All of them, including the ones that don't pay us — keep the property, sell outright, exchange into another building, or exchange into a DST.
4. **Propose a customized portfolio.** If a DST fits, a diversified set matched to your goals — not a single pitched product.
5. **Hold your hand through the close.** Coordinating the qualified intermediary, the 45- and 180-day deadlines, and the paperwork into the DST.

> **"True cash flow"** is worth dwelling on. A property's *best* year isn't its real yield. Once you subtract a realistic reserve for CapEx, vacancy, and management, the honest number is often lower than owners assume — and that's the number to compare against a passive alternative.

Two more situations (illustrative)

> **Hypothetical / illustrative — individual results vary.** Teaching examples, not quotes, projections, or promises.

The equity-rich, income-poor rental. An investor bought a San Jose property years ago for around **$220,000**; today it's worth roughly **$1.7 million**. The rent grew, but nowhere near as fast as the value, so a large pile of equity was producing relatively little income. Reinvesting *all* of that equity through a 1031 into income-oriented, professionally managed real estate — rather than leaving it in a low-yielding building — illustratively **roughly doubled the cash flow**, while deferring the tax. Deferred, not erased; and entirely dependent on the specifics a CPA would run.

The debt-replacement trap. A semi-retired, self-employed owner of a Southern California condo carried roughly a **$300,000 loan** on the property. Remember the rule from Chapter 3: you have to replace the debt, not just the equity. But this owner **couldn't easily qualify** for a new mortgage on a replacement property. A DST with an optional **built-in leverage** structure replaced the debt *without* the owner having to qualify for a loan, no recourse and no credit hit — and, by matching the equity to better-suited real estate, turned a **negative cash flow into a positive** one. The leverage option is exactly the kind of tool most owners don't know exists.

These aren't promises. They're illustrations of *why the third option is worth understanding* before you sell.

Chapter 7 — Choosing your path

You've now seen the whole picture: the tax bomb, the exchange that defers it, the clock that governs it, the structure behind the third option, and how a specialist works. So which path is right? There's no universal answer — only the one that fits *your* goals, timeline, need for liquidity, and tax situation. Here are the four honest choices, side by side.

Path	Defers the tax?	Still a landlord?	Liquid?	Who it can suit
Keep managing	No tax event	Yes	The asset, not the cash	Those fine holding longer
Sell outright	No — tax due now	No	Yes	Those who want fully out + liquid
1031 into property	Yes (deferred)	Yes (unless managed)	No	Those who want to stay active
1031 into a DST	Yes (deferred)	No — passive	No (illiquid)	Accredited investors wanting passive

This grid frames the conversation; it isn't a recommendation. "Defers" means the tax is pushed down the road, not erased.

The running example, resolved

Return to our Bay Area duplex — bought for ~$220,000, now worth ~$1.7M, with rent that never kept pace with the equity. **Sell outright**, and the tax bomb claims a meaningful slice of decades of gain. **1031 into another building**, and the tax is deferred but the toil isn't — you're a landlord again, now racing a 180-day clock. **1031 into a DST**, and the owner defers the whole stack, keeps the full ~$1.7M working, steps out of active management entirely, and — because the equity is finally matched to income-oriented real estate — could even see cash flow improve. Deferred, not erased; and entirely dependent on the specifics only this owner's CPA could run.

Questions to bring to your advisors

For your CPA / tax advisor: What's my estimated capital-gains *and* depreciation-recapture tax if I sell outright? How would a 1031 change it, and what's my adjusted basis going forward? What are the cash-flow and reporting implications of a DST's income?

For your estate attorney: How would this property — or a DST interest — pass to my heirs, and what are the basis and step-up implications? Does this fit my broader estate and legacy plan?

For yourself: Do I want to stay in real estate at all, or do I want liquidity? Could I need this money back within several years? Am I deciding with time to spare — or under deadline pressure after a sale is already moving?

The best version of this decision happens *before* you sell, with your own advisors at the table.

Chapter 8 — Questions investors ask

> Educational answers to the questions that come up most. None of this is tax, legal, or investment advice — your own advisors confirm how each applies to you.

Does a 1031 eliminate my taxes? No — it **defers** them. The tax is pushed down the road, not erased. A step-up in basis at death can, in some cases, change the eventual outcome, but that's an estate-planning question for your advisors.

Can I keep some of the cash? Yes — that's a partial exchange. You exchange part of the proceeds and pay tax on the part you keep (the "boot").

What happens if I miss a deadline? The deferral generally collapses and the full gain becomes taxable. There's rarely a remedy, which is why the qualified intermediary and replacement options should be lined up *before* you sell.

Am I an accredited investor? Generally if your net worth exceeds **$1 million excluding your primary residence**, or your income exceeded **$200,000 individual / $300,000 joint** for the last two years. Your advisor confirms which test you meet before any specific offering is discussed.

What's the minimum to invest in a DST? Minimums vary by offering and are set in each PPM; because interests are fractional, they're typically far below the cost of buying a comparable building outright.

Are the distributions guaranteed? No. They depend on the underlying property's performance and can be reduced or stop entirely.

How long is my money tied up? A standard DST commonly goes full cycle somewhere around six to seven years, but it's market-dictated, never promised. DSTs are illiquid — plan to hold for the long term.

Can I 1031 out of a DST later? Out of a **standard** DST, generally yes (into another 1031 at full cycle). Out of a **721/UPREIT** once it converts to REIT shares, generally **no** — that's a one-time decision.

What are the fees? DST offerings carry sponsor and offering fees that reduce returns. They're disclosed in the PPM, and they're one of the first things a good advisor walks you through.

Is a DST a REIT? Not the same thing. A DST is a direct, fractional interest in specific real estate held in a trust; a REIT is a company that owns a portfolio. A 721/UPREIT structure is the bridge where a DST is eventually absorbed into a REIT.

Do I still file a Schedule E? A standard DST generally reports like direct real estate (Schedule E); a 721/UPREIT shifts you to a K-1 and possibly composite state filings. Your CPA will confirm.

What does it cost to talk to you? Nothing. The educational call is complimentary and no-obligation — and no one will push you one way or another.

Chapter 9 — A plain-language glossary

Accredited investor — An individual who meets SEC net-worth or income thresholds and is therefore eligible to invest in private offerings like DSTs.

Adjusted basis — Roughly what you paid for a property, plus improvements, minus the depreciation you've claimed. Your taxable gain is measured against this figure.

Boot — Any sale proceeds you *don't* reinvest (cash kept, or debt not replaced). Boot is taxable even inside a 1031 exchange.

Constructive receipt — Taking control of your sale proceeds, even briefly. It disqualifies a 1031 exchange, which is why a qualified intermediary holds the funds.

Delaware Statutory Trust (DST) — A trust that holds professionally managed real estate and offers fractional, passive beneficial interests that can qualify as 1031 replacement property.

Depreciation recapture — Tax (up to ~25%) on the depreciation you previously deducted, owed at sale.

Full cycle — When a DST's sponsor sells the underlying property, typically around year 6–7, returning investors their share of proceeds.

Like-kind — For real estate, broadly any investment real property exchanged for other investment real property; about *use*, not resemblance.

NIIT — Net Investment Income Tax, an additional 3.8% that can apply to investment gains above certain income thresholds.

Net sale price — The figure you generally must replace in a 1031 (not just your equity); falling short creates taxable boot.

PPM (Private Placement Memorandum) — The legal offering document for a private investment like a DST; it contains the full terms, fees, and risk factors.

Qualified intermediary (QI) — The independent third party that holds exchange proceeds and handles the paperwork so you never take constructive receipt.

Step-up in basis — The reset of an asset's basis to fair market value at the owner's death, which can reduce or eliminate the heirs' tax on prior gain.

721 exchange / UPREIT — A structure where a DST is absorbed into a REIT for OP units/shares; offers potential liquidity but is not 1031-exchangeable afterward.

Education only. This book is not tax, legal, or investment advice, and it is not an offer to buy or sell any security. Please consult your own CPA and attorney.

If you've read this far, you already know the feeling that brought you here — and it's usually not really about the tax. It's that the property became a job. There's rarely a single right answer, only the one that fits your life and your goals. My role isn't to sell you anything; it's to lay the choices out honestly — including the third option a lot of people have never heard of — and let you and your own advisors make the call. Bring this book to your CPA and your attorney, ask the hard questions, and let's just have a no-pressure conversation about whether any of it fits your situation.

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