



THE EXCHANGE UPDATE A 1030 EXCHANGE CAN HELP WITH YOUR 2011 GOALS

Since the new year has begun, many of us have been evaluating short and long range goals.

For some, our goals might include the purchase of a vacation home, retire to a warmer climate, diversification of our properties, an increased revenue stream or maybe even more time to enjoy life. Yes, they all sound great but for those that currently own investment property, a 1031 exchange may help you accomplish your goals in 2011!

ACQUIRE A VACATION HOME

Today's vacation home real estate market conditions are providing incredible opportunities that may not be here a few years down the road. Lower prices, great inventory and historically low mortgage interest rates are making properties that were out of reach just a few years ago viable and while you cannot acquire a vacation home directly through a 1031 exchange, you can acquire a property that would be used as a rental for several years and then converted into your vacation home. Exchange an investment property for another rental in the resort area of your choice. Use the replacement property as a rental for a few years while minimizing your personal use and when you have established a good holding period of qualified use, you could convert it to your vacation home.

RETIRE TO A WARMER CLIMATE

Similar to the strategy explained above, an investment property can be exchanged for a home that you would eventually want to move into. For at least the first few years of ownership, the replacement property would have to be used as a rental property. Once a satisfactory holding period has been established, you could move into that property and begin enjoying the warmer weather. When selling the house you lived in before relocating, if you used it as your principal residence for at least 24 of the 60 months prior to the sale, you can exclude up to \$250,000 of gain if you are single / \$500,000 if married filing jointly.

DIVERSIFICATION OF PROPERTIES

One of the great benefits of 1031 is your ability to diversify your properties to better fit your needs while creating a well balanced real estate portfolio. Whether you wish to diversify the specific type of property or the geographic locations, 1031 can help you accomplish this goal.

INCREASED CASH FLOW

Use 1031 to exchange your investment properties for replacement property with a greater return on investment. Whether the new property is newer, has more units or is closer to the water in a resort community, exchange up and enjoy your additional cash flow.

MORE TIME TO ENJOY LIFE

Anyone who has rental properties knows they can take quite a bit of your time to manage and maintain. If you have amassed quite a bit of real estate value, you might consider exchanging into a Triple Net Lease (NNN) property. A NNN requires the tenant to pay rent as well as some or all of the property expenses including real estate taxes, insurance, maintenance, repairs, utilities and other items. With this passive investment, you can get back to doing the things in life you enjoy.

REFINANCE TO ACCOMPLISH OTHER GOALS

To maximize your tax deferral in a 1031 exchange, you must reinvest all of the equity netted from the sale of your relinquished property. Fortunately, there is nothing to prevent you from refinancing after you complete your purchase which enables you to pull cash out tax-free. This cash can be used to accomplish many other objectives from making improvements to the new property, acquiring other real estate or diversifying your investment portfolio by investing in stocks, bonds or mutual funds. Some of this money could be used to pay college tuition for your child or grandchild, plan the vacation of your dreams or purchase the boat you always wanted.

SUMMARY

Many investors are well aware that a 1031 exchange provides immediate tax avoidance and is a great way to build your real estate portfolio. Unfortunately, many fail to realize that 1031 exchanges can also be used to help you accomplish many long term investment objectives.

1031 CORP is a wonderful company to work with – visit their web site: www.1031CORP.COM and/or call Margo McDonnell. Hugh refers quality professionals to help make your Stone Harbor and Avalon Real Estate experience special!!!! Margo can provide you with the very best 1031 Exchange information and service and THE HUGH MERKLE TEAM can provide you with the very best real estate service with positive results!



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Stone Harbor and Avalon Vacation Rentals Available For Your 2011 Summer Vacation...

If you have not booked your Stone Harbor-Avalon 2011 Summer Vacation there are still many excellent properties available for you to choose from. Don't miss out on the opportunity to spend a memorable week or two enjoying SEVEN MILE BEACH with its pristine beaches and wonderful family activities.

Call The Hugh Merkle Team Toll Free 877-314-2726

Or Email: PFRRentals@HughMerkle.com

Preview all rental properties on Hugh's Web site to see both interior and exterior photos along with rates for available weeks this summer. Visit: www.HughMerkle.com



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