

1031 Replacement Property - SandHollow Tenancy in Common

Summary:

Our 1031 exchange 'replacement property is structured as a tenancy in common (TIC) with a key advantage-preferred lending term. This unique feature allows for easy access to traditional loans against the property, providing a solid foundation for achieving tax deferral and liquidity.

Description:

Our TIC owns raw land strategically located in Washington County, Utah, one of the fastest growing areas in the United States.¹ It is situated in the path of growth, near a state park and BLM land, and adjacent to a new sold-out residential development that charged approximately \$7.5 million per acre. This location presents a promising opportunity for growth and return on investment.

TIC Definition

A Tenants in Common 1031 exchange is a co-ownership agreement that allows 2 to 35 investors to pool their funds and own one joint property. This property is purchased through the 1031 exchange process, offering unique financial benefits. Each contributor owns a fractional interest in the property, and they share in the net income, tax shelters, and growth proportionately. Another advantage of this structure is the flexibility of the invested amount due to the unequal stakes in the property.

Each investor receives a separate property deed and title insurance for their percentage interest in the property and has all the same rights and privileges as a single owner. In a TIC arrangement, co-owners have the right to isolate or transfer their ownership interest in the property without obtaining consent from the other co-owners. This feature sets TICs apart from other arrangements.

Market Comps

The closest in-development project near the SandHollow TIC is Southern Shores
<https://immaculatehomes.net/communities/southern-shores/>

The project's infrastructure has been completed, and all units have been sold for an average of \$2.5 million per lot or approximately \$7.5 million per acre.

¹ <https://247wallst.com/city/st-george-ut-will-be-among-the-fastest-growing-cities-by-2060/>

Finance Ability

As with real estate, generally, a TIC interest is financeable with competitive 30-year mortgage terms. In addition, to help minimize the cash flow burdens of servicing the loan, no monthly payments need to be made. Instead, the Specialty lender rolls the monthly progress payments into the loan and secures a right to develop the property. The borrower has the option to pay back the loan by giving up the property or to exit may extinguish the loan by paying back the principal, deferred interest, and any actual improvements made on the property.

Location:



