Reverse 1031 Exchange with Bridge Loan Program

A Smart Strategy for Property Investors

What is a 1031 Exchange?

It is a tax-deferred strategy that allows investors to swap investment properties without immediate capital gains taxes, optimizing real estate investments and portfolio growth.

A **Reverse 1031 Exchange** enables investors to buy the replacement property first, deferring capital gains taxes on the subsequent sale of their original investment property. LendSure's BOOST Bridge Financing complements this by allowing investors to tap into the equity of the original property to fund the purchase of the replacement one.

Benefits

Empower your borrowers with LendSure's Bridge Program with a Reverse 1031 Exchange:

- Investors can buy a replacement property without selling their original one first.
- Opportunity won't slip away as investors can act swiftly without market delays.
- Investors can collect rent from the original property with no monthly loan payments on the bridge financing.
- They can take time for improvements to the original property, ensuring the best sale price later on.

Reverse 1031 Exchange with Bridge Loan **Scenario**

1. **Current Home:** Investor identifies a $1M property in Lake Tahoe, California. They own a $930K investment property in Bozeman, Montana, and intend to sell it after the Lake Tahoe purchase to defer taxes through a reverse 1031 Exchange.
2. **Bridge Loan Acquisition:** Since funds from the sale of the original property aren't available yet, the investor secures a LendSure Bridge Loan. This loan allows them to access equity from their original property for the down payment on the new property.
3. **Financing on New Home:** With the Bridge Loan in hand, the investor closes the deal in Lake Tahoe, using the capital from the Montana property. Simultaneously, LendSure facilitates a purchase money loan for the new property.
4. **Closing:** After the Lake Tahoe purchase, the investor lists the Montana property. The sale must occur within 180 days of the Lake Tahoe purchase to fulfill the 1031 Exchange requirements, completing the process.

Property A – Departure Home
Bridge Loan

Home in Bozeman, Montana

Fair Market Value:	$930,000
Loan to Value:	60%
Loan Amount:	$558,000
Existing Liens:	$0
Loan Proceeds to Borrower:	**$558,000**

Property B – New Home
Purchase Loan

Home in Lake Tahoe, California

Purchase Price:	$1,000,000
Bridge Loan Proceeds:	$558,000
New Loan Amount:	**$442,000**
Loan to Value:	**44.2%**

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