

THE DIRECT 1031 ADVANTAGE

THE SECRETS THE INDUSTRY DOESN'T WANT YOU TO HAVE



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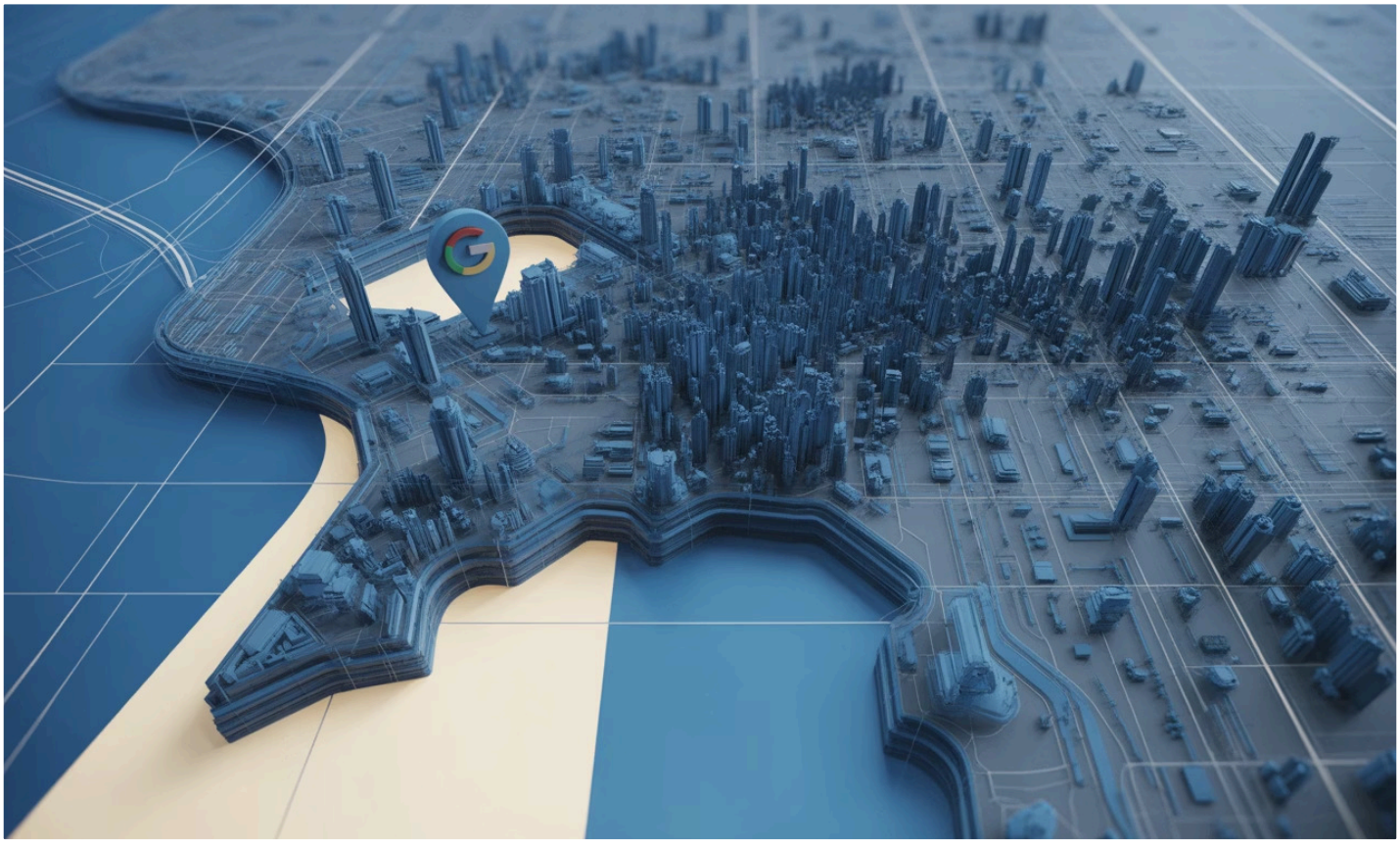
CHAPTER 1: THE DIRECT 1031 ADVANTAGE

Most 1031 exchangers can be categorized into two distinct groups. The first group consists of those who wish to preserve their investment gains while swiftly transitioning into a new property. The second group seeks a straightforward, low-maintenance method to defer taxes without the complications of intricate structures or exorbitant fees. However, a significant number of the products available to these exchangers are heavily engineered, burdened with fees, and often limited to accredited investors only.

This eBook aims to present a simpler alternative:

Direct ownership of buildable land as a 1031 replacement property. This option comes with no fees, no restrictions related to Delaware Statutory Trusts (DSTs), no lock-up periods, and no accreditation requirements, all backed by USA Land Group.





CHAPTER 2: WHAT IS A 1031 EXCHANGE?

A 1031 exchange is a valuable financial strategy that permits investors to defer taxes on capital gains when selling investment real estate, provided they reinvest the proceeds into another qualifying property. The formal definition from the IRS is outlined in Title 26, Section 1031 of the Internal Revenue Code, which is quoted verbatim in the Realized eBook on page 6. The fundamental rules governing this exchange are straightforward: First, an investor must sell an investment property. Next, they must replace it with another investment property of equal or greater value. Finally, they must adhere to the specific timelines established by the IRS to successfully defer taxes.



While the basic principles of a 1031 exchange are simple, the process of navigating the landscape of potential replacement properties can be quite complex. Investors often face challenges in identifying suitable properties that meet the IRS requirements, which can lead to confusion and frustration. The intricacies involved in selecting the right property can deter some investors from pursuing this beneficial tax-deferral strategy. As a result, understanding the full scope of options available is essential for investors looking to maximize their benefits through a 1031 exchange.



CHAPTER 3: THE TRUE SIZE OF THE 1031 MARKET

According to the IRS Statistics of Income (SOI), a remarkable total of **111,422 exchanges** were completed in the most recent tax year for which data is available. This extensive activity highlights the significant interest in 1031 exchanges among real estate investors. The IRS analysis reveals that the total value of replacement properties involved in these transactions was an impressive **$204.1 billion**, with the total capital invested exceeding **$221 billion**. Such figures emphasize the critical role that 1031 exchanges play in the real estate market.

111K	$204B	$221B
TOTAL EXCHANGES	**REPLACEMENT VALUE**	**CAPITAL INVESTED**
Completed in most recent tax year	Total value of properties exchanged	Total investment in exchanges

A notable portion of this trading activity occurs in smaller transactions, indicating a substantial demand within this segment. IRS-aligned estimates suggest that between **25,000 and 35,000 exchanges** occur each year, valued at under $500,000. This statistic underscores the fact that this group represents one of the largest yet most underserved markets in the entire 1031 exchange industry. Additionally, estimates indicate that approximately 3,400 to 7,900 exchanges annually involve raw land, accounting for a capital flow ranging from $1.0 to $2.8 billion. These figures further illustrate the potential for growth and service improvement in this sector.

Despite the high volume of exchanges, the solutions marketed to these investors often do not cater effectively to their needs. Many available options are designed primarily for larger transactions and accredited investors, leaving smaller exchangers with limited choices. Consequently, there is a significant opportunity for innovative products and services that address the unique requirements of this demographic, ensuring they have access to viable and beneficial 1031 exchange solutions.



CHAPTER 4: HIGH FEES

Delaware Statutory Trusts (DSTs), which are among the most heavily promoted solutions for 1031 exchanges, often impose double-digit fee loads on investors. These fees can frequently total between **10 and 20 percent** once various layers of compensation, including those for sponsors, broker-dealers, and registered investment advisors, are added. Such high fees can significantly hinder equity growth and diminish the overall value for exchangers. Investors are understandably deterred by these costs, which can eat into their returns and complicate their financial planning.

THE COMPOUNDING DRAIN

Initial double-digit fees compound over time, eroding wealth accumulation. Every percentage point means less capital working for you.

HIDDEN FEES

Beyond acquisition costs, DSTs carry asset management fees, property management fees, financing fees, and disposition fees—often buried in complex structures.

REAL IMPACT ($500K INVESTMENT)

A 15% fee load on $500K = $75,000 lost immediately. Over 10 years, the opportunity cost exceeds $130,000.

INSTANT EQUITY

Every dollar invested goes directly into acquiring assets. No middlemen diluting your capital.

100% APPRECIATION TO YOU

With direct ownership, you keep 100% of appreciation. No sponsors taking a cut of your property's growth.

TRANSPARENCY & CONTROL

Clear costs upfront. No hidden charges. Full oversight of your investment.

ELIMINATE MIDDLEMEN

Direct approach accelerates wealth-building by preventing capital from being siphoned off by intermediaries.

CHAPTER 5: LIQUIDITY RESTRICTIONS

The promise of wealth growth through Deferred Sales Trusts (DSTs) can quickly turn into a gilded cage due to severe liquidity restrictions. Unlike direct property ownership, where you maintain agency over your assets, DSTs often strip investors of the ability to adapt to life's unpredictable demands and market shifts, leaving them feeling trapped and powerless.

THE 7-10 YEAR IRON LOCK-IN

DSTs mandate capital commitment for an agonizing **seven to ten years**, sometimes longer. This profound lack of flexibility means you are beholden to the DST sponsor's timeline, not your own. You're locked in, unable to access funds for emergencies, college tuition, or to seize new market opportunities. What began as a strategic investment can become an underperforming asset with no escape route, causing immense stress.

THE ILLUSION OF AN EXIT: NO SECONDARY MARKET

A critical drawback of DSTs is the near-total absence of a viable secondary market. Investors find themselves with virtually no legitimate options to exit prematurely. When life throws unexpected curveballs – be it a health crisis, an urgent business venture, or shifting retirement plans – the inability to liquidate your investment can create insurmountable stress and significant financial jeopardy. You are effectively **trapped**, unable to sell your fractional interest with ease.

Contrast this with the unparalleled **FREEDOM and CONTROL** offered by direct 1031 land ownership:

- Sell anytime you want – YOUR timeline, not a sponsor's.
- Respond to life changes and market opportunities.
- Exit at market peaks instead of being trapped.
- No opportunity cost of locked capital.
- True control over your investment.

Choose the path that offers unmatched flexibility, control, and the true freedom to manage your wealth on your own terms. Don't let liquidity restrictions dictate your financial future.

CHAPTER 6: ACCREDITED-ONLY LIMITATION

Deferred Sales Trusts (DSTs) are classified as securities, requiring investors to meet strict accreditation criteria. This significantly limits participation, effectively excluding the vast majority of 1031 exchangers from these investment opportunities.

Requirement	Accredited Investor	Non-Accredited Investor
Annual Income	$200K+ individual / $300K+ joint	Below these thresholds
Net Worth	$1M+ (excluding primary residence)	Below $1M
Can Invest in DSTs?	✓ YES	▯ NO
Can Buy Direct Land?	✓ YES	✓ YES

WHY DSTS EXCLUDE MOST INVESTORS

DSTS ARE SECURITIES

Classified under SEC Rule 506(c) of Regulation D, requiring strict compliance.

ACCREDITATION REQUIRED

Only accredited investors can legally participate in DST offerings.

75%+ DON'T QUALIFY

The majority of 1031 exchangers (e.g., farmers, small business owners) do not meet the stringent criteria.

THE DIRECT 1031 ADVANTAGE

- Not a security – it's tangible real property.
- Available to ALL investors, regardless of income or net worth.
- No accreditation hurdles or complex SEC regulations.
- USA Land Group serves the underserved majority, offering accessible wealth-building opportunities.

CHAPTER 7: COMPLEXITY AND OPAQUENESS

The Realized eBook sheds light on the complexities surrounding 1031 rules and the intricate structures of DSTs across pages 13 to 20. It discusses the strict timelines, mortgage matching, and contract requirements that investors must navigate. As a result, many investors feel overwhelmed by the sheer volume of rules, paperwork, and opaque incentives that exist within the current system. This complexity creates a significant barrier for potential exchangers, who may find themselves confused or intimidated by the process, further widening the gap for a straightforward, efficient, and fee-free 1031 solution.

STRICT TIMELINES

MORTGAGE MATCHING

CONTRACT REQUIREMENTS

OPAQUE INCENTIVES



CHAPTER 8: THE USA LAND GROUP SOLUTION

USA Land Group introduces a unique category of replacement property that empowers investors by restoring control and eliminating structural friction in the 1031 exchange process. This innovative approach is designed to simplify the experience for exchangers, making it more accessible and user-friendly. By focusing on direct ownership, USA Land Group allows investors to take full advantage of the benefits associated with 1031 exchanges without unnecessary complications.

KEY ADVANTAGES

DIRECT OWNERSHIP

Investors retain full control over their investment decisions and assets, simplifying management.

NO FEES

Eliminates hidden costs and recurring charges, maximizing investor returns and transparency.

COMPLETE LIQUIDITY

Provides investors with the flexibility to access their capital when needed, without restrictions.

NO ACCREDITATION REQUIRED

Opens up 1031 exchange benefits to a broader range of investors, making it more inclusive.

SIMPLE & TRANSPARENT

Streamlines the exchange process with clear terms and straightforward operations from start to finish.



CHAPTER 9: WHO THIS HELPS MOST

SUB-$500K EXCHANGERS

25,000-35,000 small-ticket exchangers annually represent one of the least-served segments in the 1031 market. Traditional solutions focus on larger transactions, leaving small investors with limited options. USA Land Group bridges this gap with tailored solutions for this overlooked demographic.

NON-ACCREDITED INVESTORS

Most 1031 exchangers aren't accredited investors, creating a significant barrier in the traditional landscape. USA Land Group removes accreditation requirements, democratizing investment opportunities. This inclusivity ensures more individuals can benefit from this powerful financial strategy.

TIME-CONSTRAINED EXCHANGERS

IRS rules allow only 45 days to identify properties and 180 days to close. These tight deadlines create significant pressure, especially near the 45-day mark. USA Land Group provides fast, ready-to-identify land to help investors meet deadlines with confidence.

CASH AND FINANCED BUYERS

Direct ownership accommodates both cash buyers and those using lender financing. This flexibility allows investors to structure purchases to fit their financial situation. USA Land Group supports both transaction types effectively.

INVESTORS SEEKING CONTROL

Unlike DSTs where sponsors control decisions, direct ownership offers complete autonomy. This control is fundamental for investors who value managing their assets according to their preferences. Direct land ownership provides the flexibility many investors seek.

CHAPTER 10: THE PROCESS & RISK COMPARISON

THE PROCESS

At USA Land Group, we've streamlined the 1031 exchange process into four simple steps, ensuring a smooth experience from consultation to closing.

01

REVIEW PROPERTIES

We present curated 1031-ready properties based on your timeline and budget. All land is subdivided and ready for identification.

02

IDENTIFY QUICKLY

Many exchangers identify properties the same day, crucial for those nearing the 45-day IRS deadline.

03

COORDINATE WITH YOUR QI

We work closely with your Qualified Intermediary to ensure IRS compliance throughout the process.

04

CLOSE EFFICIENTLY

Clean documentation and coordinated timelines ensure seamless execution of your exchange.

THE REAL RISK COMPARISON

DST RISKS

- Limited Investor Control
- Lack of Liquidity
- Reliance on Sponsor Expertise
- Potential for Higher Fees
- Complex Structure

DIRECT LAND RISKS

- Market Fluctuations
- Requires Investor Due Diligence
- Limited Income Stream (Raw Land)
- Carrying Costs (Taxes, Maintenance)
- Zoning & Regulatory Changes

Direct land ownership, particularly through USA Land Group, significantly reduces structural restrictions and complexities. This approach empowers investors with greater autonomy and a clearer path to achieving financial objectives.

CHAPTER 11: MORE ABOUT USA LAND GROUP

USA Land Group's exchange service was established to address a critical structural gap in the 1031 market. Many exchangers are seeking a simple, fee-free, and flexible replacement property option that does not require accreditation and does not restrict their capital in long-term holds. Our mission is to provide genuine ownership, flexibility, and real value to exchangers across a broad spectrum of budgets — from **$50,000 to $20 million**. By focusing on land that is buildable, subdivided, and strategically located in America's strongest growth corridors, we aim to empower investors and enhance their opportunities for success.

THE DIRECT...

The Direct 1031 Advantage reveals a transformative approach to 1031 exchanges, emphasizing direct ownership of buildable land as a viable alternative to costly and complex investment products. By eliminating high fees and barriers for non-accredited investors, this book offers a streamlined pathway for navigating the intricacies of IRS timelines and replacement properties. Empowering investors with clarity and control, it presents a modern solution designed to enhance opportunities and simplify the exchange process.

Contact us!

USA Land Group
contact@usaland.group
+1 (888) 487-3098

Richmond, Virginia



Ready to explore direct land ownership for your 1031 exchange? Contact USA Land Group today to speak with our team and discover how we can help you achieve your investment goals with simplicity, transparency, and zero fees.