

## *“Moving the Farm”*

**James Zack**  
Southern Minnesota

In 2005, James Zack had a very nice 300-acre farm in Southern Delaware. He also had a problem: with international markets and the Walmarts of the world pushing crop prices downward, it was becoming difficult for James to make a profit on what he grew. Knowing that a bigger farm was his only chance to regain profitability, he considered selling his land for development.

However, his farm had been in the family for 40 years, and since his tax basis was nearly zero, he would have substantial deferred gains at the time of sale. A 1031 exchange was the answer. By avoiding taxes on what he had previously planned as a straight sale, James would be able to buy more acreage and improve his crop output.

James contacted us after speaking to Michael Curry, Esquire, a business attorney in Wayne, PA who advised him to get expert help in navigating the 1031 exchange. James came to our offices in Philadelphia, PA, and we spent an hour going over the steps and issues surrounding the exchange.

We also consulted with his tax advisor about estate planning, and made sure that his decision to move forward with the exchange was a good long-term strategy.

After tying up all the loose ends, we connected James with a real estate broker who specializes in farmland, and he pinpointed an area where land would be less expensive, yet still able to handle the crop that James wanted to grow. He found James an 800-acre farm in Southern Minnesota, and the 1031 exchange was complete.

James may have left the milder weather of Delaware, but he was able to buy land with enough capacity to ensure that he can make a comfortable living. Now, he can get back to doing what he does best, and for that, dinner plates all over the world are grateful.

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