

DISPOSITION STRATEGIES IN COMMERCIAL AND INVESTMENT REAL ESTATE  
NEW MEXICO REAL ESTATE COMMISSION OUTLINE

8 Hours Continuing Education Credit

Required Textbook: *Disposition Strategies in Commercial and Investment Real Estate*,  
Trowbridge and Associates, Gene Trowbridge and Robert Able Authors

- I. Course Objectives
- II. Understanding the Tax Classification of Assets
  - A. Trade or Business Assets: Section 1231 Assets
  - B. Investment Assets: Section 1221 Assets
  - C. Inventory Assets
  - D. Personal Use Assets
  - E. Summary and Exercises
- III. Applying the Passive Loss Rules at Disposition
  - A. Assets Covered by the Passive Loss Rules
  - B. Treatment of Suspended Losses at Disposition
  - C. Summary and Exercises
  - D. Understanding the Netting of Gains and Losses
    - 1. IRC Section 1231
    - 2. Capital Losses
    - 3. Summary and Exercises
- IV. IRC Section 1031 Highlights
  - A. Understanding IRC Section 1031
  - B. The Starker Philosophy
  - C. Reverse Starker
  - D. Safe Harbor Rules
  - E. Paper Trail
  - F. Balance Equities
  - G. Recognized Gain
  - H. Unlike Property (Boot)
  - I. Summary and Exercises
- V. CASE STUDY #1 RECOGNIZING WHEN IT IS BETTER TO SELL THAN EXCHANGE
  - A. Inventory the Position of the Investor
  - B. Apply the Passive Loss Rule at Disposition

- C. Net Capital Gains Against Losses
  
- VI. Investment Base
  - A. Investment Base Defined
  - B. Application of the Investment Base Theory
  
- VII. CASE STUDY #2 RECOGNIZING WHEN IT IS BETTER TO DO A TAX DEFERRED EXCHANGE THAN TO SELL
  - A. Inventory the Position of the Investor
  - B. Determine the Substituted Basis in the Property Acquired
  - C. Discounted Cash Flow Analysis for the Exchange Option
  - D. Discounted Cash Flow Analysis for the purchase Option
  - E. Comparison of Cash Flows
  
- VIII. Special Issues in Exchanges
  - A. Understanding the Term "Which Is To Be Held"
  - B. Partnership Distributions
  
- IX. Installment Sales
  - A. Definition and Application
  - B. Calculation of Profit Ratio
  - C. Determination of Cash Flows After Taxes
  - D. How to Determine the Proper Counter Offer
  - E. Summary and Exercises
  
- X. Citations