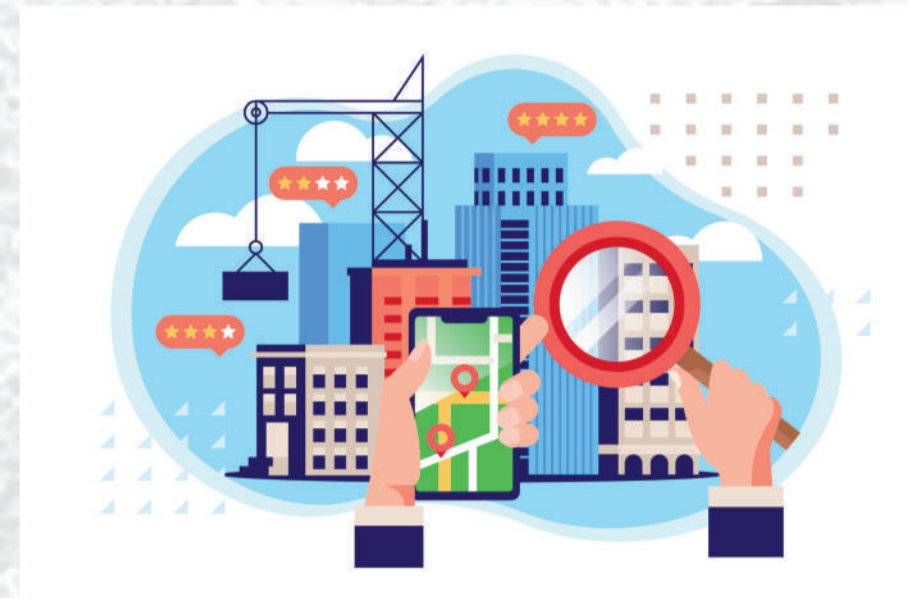


Exchange Time Limit & Identification Requirement

A 1031 Exchange, also known as a like-kind exchange, has strict time limits and identification requirements that participants must adhere to in order to qualify for the tax-deferral benefits it offers.

1. 45-Day Identification Period: After selling the relinquished property, the exchanger has a narrow window of 45 calendar days to identify potential replacement properties that they intend to acquire. This clock starts ticking on the day the relinquished property is sold. During this 45-day period, the exchanger must provide written identification of the replacement properties to a qualified intermediary (QI) or other authorized party. The identification must be specific and clearly describe the replacement properties.



45 Days to Identify

There are a few methods for identification:

- **Three-Property Rule:** The exchanger can identify up to three replacement properties without regard to their combined value.
- **200% Rule:** The exchanger can identify any number of replacement properties, but their total fair market value cannot exceed 200% of the relinquished property's fair market value.

2. 180-Day Exchange Period: Following the sale of the relinquished property, the exchanger has 180 calendar days to complete the purchase of the identified replacement property or properties. This 180-day period includes the initial 45-day identification period. It's important to note that the 180-day deadline can't be extended for any reason, even if it falls on a weekend or holiday.



180 Days to Close

Meeting these time limits is crucial to a successful 1031 Exchange. Failing to identify replacement properties within the 45-day window or not completing the acquisition within the 180-day limit can result in the disqualification of the exchange, leading to the immediate recognition of capital gains tax on the sale of the relinquished property.

Navigating the 1031 Exchange time limits and identification requirements can be complex, and it's advisable to work with experienced tax and legal professionals who specialize in 1031 Exchanges to ensure full compliance and maximize the tax benefits offered by this provision of the Internal Revenue Code.



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