



1031x.com

Newsletter

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Thought you'd find this helpful:

A Trap For the Unwary Realtor

Recently, we performed a 1031x (1031 exchange) under unusual circumstances. The realtor had listed the home, and it was under contract to close. The owner was living in the property and had owned it for eight years. One week before closing the agent and owner were engaged in casual conversation. The owner innocently revealed that while he had owned the property for eight years, he had only lived in the property for the last seven months. The realtor had made the assumption that IRC section 121 would apply to the situation and that the seller would owe no tax. Instead, IRC section 1031 applied. The realtor called us and we performed a last minute 1031x. Imagine what could have happened, the irate seller at tax time says to the realtor: "Why didn't you tell me I would have to pay tax?" or "Why didn't you tell me to do a 1031x?" It is now the realtor's obligation to inquire about the historical use of a property in order to properly advise and represent a seller.

For more information about comparing the requirements of IRC section 1031 and IRC section 121 go to the [1031 Exchange in a Nutshell](#) newsletter.

Please call www.1031x.com at 888-899-1031 or email infox@1031x.net for a free consultation!