

Thought you'd find this helpful:

1031 and 121 In A Nutshell

1031 IN A NUTSHELL

A. True for Both Types of Exchanges:

1. Old and New properties must both be held for investment or for business.
2. Must first have written exchange agreement with QI.
3. New property must be equal or up in FMV and in equity.
4. Any cash out is taxable.
5. All real estate is "like-kind" to all other real estate.
6. Person on title of Old must be person on title to New.
7. OK to exchange multiple Old properties for New property or vice versa. (Fractional interests are OK)
8. Owner financing handled outside of exchange.
9. Cannot buy New property from a "related" party.
10. Basis of Old carried forward into New, with adjustments.

B. In a "Forward" exchange, Exchanger must:

1. Not receive funds from sale.
2. ID New property, in writing, within 45 days.
3. Buy New property within 180 days.

C. In a "Reverse" exchange, Exchanger must:

1. Not hold title to both properties simultaneously.
2. "Park" either the Old or New property with QI.
3. QI cannot hold title to either property for more than 180 days.
4. ID Old property within 45 days if New property is "parked".

Provide funding to purchase New property.

121 IN A NUTSHELL

1. Property must be owned and occupied as principal residence for any 2 out of the last 5 years.
2. Couples filing joint return can exclude up to \$500K of gain.
3. Single filers can exclude up to \$250K of gain.
4. Exclusion is available once every two years.
5. Second homes do not qualify.
6. Partial exclusion available if property is sold sooner than 2 years due to illness or change in employment.

**CAPITAL GAIN RATES FOR THOSE THAT DO NOT QUALIFY FOR
EXCLUSION UNDER 121 OR DEFERRAL UNDER 1031**

1. For capital assets held more than 12 months: 15%.
 2. Recapture of depreciation: 25%.
- For filers in 15% income tax bracket: 10%.

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