



Delayed Forward 1031 Exchanges

Most 1031 exchange transactions are structured as forward delayed exchanges. In a delayed exchange the exchanger sells the relinquished property first and subsequently acquires replacement property. Exchanger must identify the potential replacement property within 45 calendar days from closing on the relinquished property and close on identified properties no later than 180 days from closing on the relinquished property.

Simultaneous 1031 Exchanges

A simultaneous 1031 exchange takes place when one or more relinquished properties are exchanged simultaneously for one or more like-kind replacement properties. The relinquished property and the replacement property transactions all close on the same day in a simultaneous 1031 exchange.

Reverse 1031 Exchanges

A reverse exchange may be used when the Exchanger must purchase the replacement property prior to the sale of the relinquished property. The Exchanger may not own both properties at the same time, but they can “park” title of either the replacement or relinquished property. A reverse exchange is more complicated and costly than a forward exchange. In a parking arrangement, an entity known as an Exchange Accommodation Titleholder (EAT) forms and owns a pass through entity, usually a limited liability company disregarded for federal income purposes, to take title to the “parked property”.

Improvement 1031 Exchanges

In an improvement exchange, the exchange proceeds from the sale of the relinquished property may be used to acquire, and repair or improve, the replacement property without paying capital gain taxes on such proceeds. The Exchange Accommodation Titleholder (EAT) must hold title to the replacement property, while the Exchanger builds the improvements on the property. The specific improvements to be made must be identified up to 45 days after closing, the improvements must be completed, and the exchanger must take title to the property on or before the 180th day.

QUALIFIED INTERMEDIARY SERVICES NATIONWIDE

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