

# 1031 Exchange Qualifying Questions

## 1. **QUALIFIED USE:**

### *Is the property held for investment or business?*

Primary residences or personal use properties, such as vacation homes, do not qualify for a 1031 exchange.

## 2. **LIKE-KIND PROPERTY:**

### *Will they be reinvesting into property that is like-kind?*

Nearly all real estate is like-kind, but they cannot be reinvesting in property for personal use.

## 3. **SAME TAXPAYER:**

### *Is the same taxpayer selling the property purchasing the replacement property?*

The same taxpayer must be selling and purchasing the replacement property to qualify for a 1031 exchange.

## 4. **EXCHANGE TIMELINE:**

### *Are they able and willing to complete the sale, and then the purchase within 180 days?*

A 1031 Exchange must be completed within 180 calendar days of the date of the Relinquished Property sale closing.

## 5. **REINVEST EQUAL OR GREATER:**

### *Are they willing to reinvest equal or greater than the sales price of property they are selling into the purchase property?*

Any amount/debt taken out or not re-invested is considered Boot and that portion will be taxable.

## 6. **RELATED PARTY:**

### *Are the seller and buyer related?*

If so, their eligibility requires special attention in order to qualify for a 1031 Exchange.