

Exchange Glossary

180 Days: Total time allotted to acquire the Replacement Property. Must be one of the properties designated in the Identification period.

Delayed Exchange: An exchange that takes place with time (a day up to 180 days) in between the initial sale and subsequent acquisitions.

Direct Deeding: Commonly used to pass property directly from Exchangor to Buyer and then from Seller to Exchangor. The Facilitator receives an equitable interest in the property. Approved by the IRS in the 1991 regulations.

Exchange: The giving of one thing for another. Under section 1031 property held for productive use in a trade or business is exchanged for like-kind property.

Exchangor: The client or taxpayer that takes advantage of the exchange process to defer paying gains taxes.

Identification: Within 45 days after the Relinquished Property is exchanged. The Replacement Property must be identified in writing, typically to the facilitator.

Like-Kind: Property that would qualify for a like-kind exchange under IRC Section 1031. Any real property held for investment can be exchanged for other investment property.

Qualified Intermediary: Middleman, facilitator, accommodator; term given to entity making the trade with the taxpayer. Typically hired to convert a sale/purchase into an exchange.

Relinquished Property: Phase I, Downleg, property received in an exchange by taxpayer.

Replacement Property: Phase II, Upleg, property to be sold in an exchange by taxpayer.

Simultaneous Exchange: An exchange, wherein both sale and acquisition properties are exchanged on the same day. Much more popular before the Starker Court Case.

Starker Exchange: A name derived from the Starker Court Case in 1979 that is used to describe a delayed exchange. The first case that challenged exchanges of property received over a period of 2 years.