



June 29, 2020

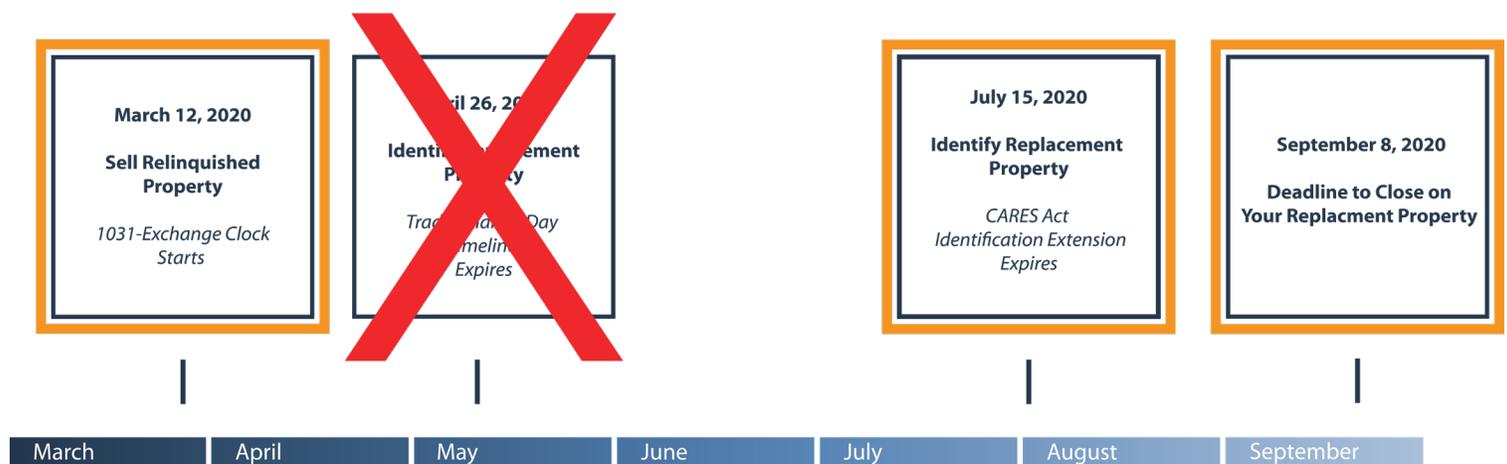
The Ending of the 1031-Exchange Extensions (CARES Act)

Through a Section 1031 exchange an investor can defer their capital gains tax on the sale of real estate held for productive use. In general, this investor would have 45 days from the sale of their property to identify a replacement property and they must complete their acquisition of the replacement property within 180 days. The CARES Act provided much needed relief for investors in light of the strained real estate market due to the COVID-19 impact. Through the [CARES Act](#), extensions to the traditional deadlines have been granted.

45-Day Identification: If your 45-day identification window would have expired between April 1, 2020 to July 15, 2020, your deadline has been extended to July 15, 2020.

* Do note that this does not shorten the 45-day identification window for an investor. Example: If an investor closes on July 10, 2020, they would still have their applicable 45-day identification window starting on July 10, 2020 ending on August 24, 2020.

Illustrated Example: Below is a graphic to help illustrate the timeline for an investor who sold their original property on March 12, 2020. They were granted an extension on their acquisition window, and must close on their replacement property by September 8, 2020.

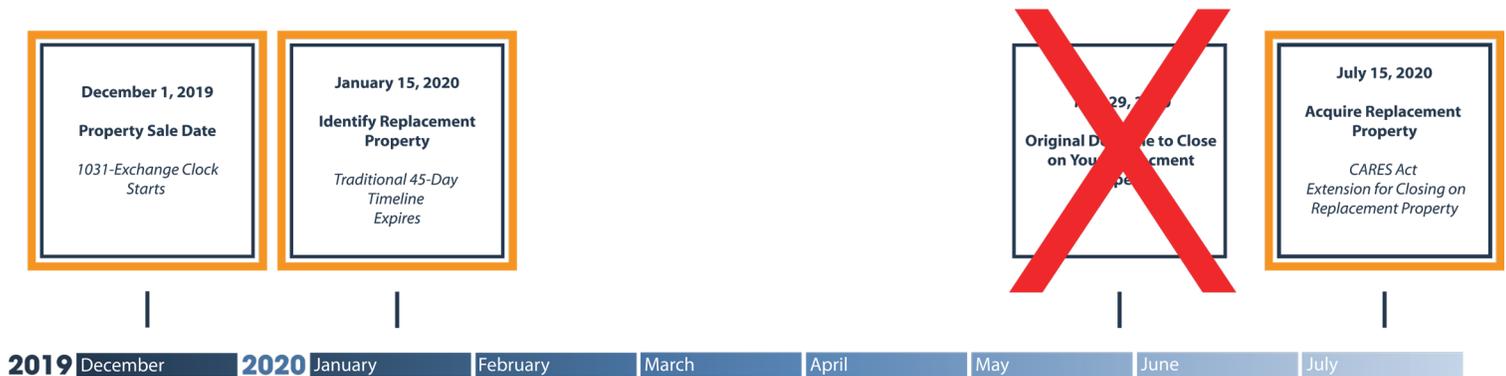


The challenge this scenario may pose for investors is a very short window to close on their replacement property after the conclusion of their extended identification period.

180-Day Acquisition Window: If your 180-day acquisition window would have expired between April 1, 2020 to July 15, 2020, your acquisition window deadline would be extended until July 15, 2020.

* Do note that if your acquisition window fell outside of this timeframe, your original acquisition deadline will still stand. Example: Your property sold on February 15, 2020 with an original identification of April 1st, 2020(extends to July 15th, 2020), your original acquisition deadline of August 14, 2020 would still be applicable with no extensions.

Illustrated Example: Below is a graphic to help illustrate the timeline for an investor who sold their original property on December 1, 2019, they identified their replacement property by January 15, 2020, and were granted an extension on their acquisition window through the CARES Act until July 15, 2020.



Some considerations if you find yourself running up against these deadlines:

- There are a handful of real estate investment sponsors with capacity to accept additional 1031-exchange proceeds
- There are a handful of DST investment opportunities currently in the marketplace
- If a suitable replacement property/investment cannot be found, you still have the option of utilizing a Qualified Opportunity Zone Fund to salvage some tax deferral benefits.

Please feel free to contact us at info@galvanizeoz.com if you would like to discuss your current exchange or ways that we can be of assistance.