

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

RE: Tax Opinion Regarding Section 1031 Like-Kind Exchange

Dear [Client Name],

This letter provides our legal opinion regarding the federal income tax consequences of the proposed exchange of real property by [Entity/Individual Name] (the "Taxpayer") under Section 1031 of the Internal Revenue Code.

1. Description of the Transaction

The Taxpayer intends to dispose of "Relinquished Property" located at [Address] and acquire "Replacement Property" located at [Address]. The transaction will be facilitated by [Qualified Intermediary Name] acting as a Qualified Intermediary (QI).

2. Analysis of Like-Kind Status

Internal Revenue Code Section 1031 allows for the deferral of capital gains tax if property held for productive use in a trade or business or for investment is exchanged solely for property of a like-kind. We have reviewed the use of both properties and determined that both qualify as investment or business property and are of like-kind under current Treasury Regulations.

3. Requirements for Non-Recognition

To ensure full tax deferral, the following conditions must be met:

- **Identification Period:** Replacement property must be identified in writing within 45 days of the sale of the Relinquished Property.
- **Exchange Period:** The acquisition of the Replacement Property must be completed within 180 days of the sale, or the due date of the tax return, whichever is earlier.
- **Qualified Intermediary:** The Taxpayer must not have actual or constructive receipt of the sale proceeds; all funds must be held by the QI.
- **Value and Equity:** To avoid "boot," the Replacement Property must be of equal or greater value and equal or greater equity than the Relinquished Property.

4. Opinion

Based on the facts provided and assuming strict adherence to the timelines and procedural requirements of Section 1031, it is our opinion that the transaction will qualify as a tax-deferred like-kind exchange. Consequently, no gain or loss shall be recognized for federal income tax purposes upon the exchange, except to the extent of any "boot" received.

5. Limitations

This opinion is limited to federal income tax law and does not address state or local tax

implications. This opinion is based on current law and may be affected by future legislative changes.

Sincerely,

[Signature]

[Name of Professional/Firm]