



# TYPES OF EXCHANGES

**AT CATIC EXCHANGE, WE HANDLE EVERY 1031 LIKE-KIND EXCHANGE IN A PROFESSIONAL MANNER AND ARE DEDICATED TO PROVIDING YOU WITH THE EXCEPTIONAL SERVICE THAT HAS BECOME SYNONYMOUS WITH CATIC FINANCIAL COMPANIES.**

As part of our responsibilities as a Qualified Intermediary, our knowledgeable staff will guide you through the exchange process, prepare the necessary 1031 exchange documents, hold the exchange proceeds in escrow, and act as the principal in the sale of the relinquished property and the purchase of the replacement property. Below, please find some information on the various types of exchanges we can assist you with.

## **FORWARD, DELAYED OR DEFERRED EXCHANGE**

This refers to an exchange whereby the relinquished property is sold first and then the replacement property is acquired within 1 to 180 days (the “Exchange Period”). The replacement property must be identified within 45 days (the “Identification Period”) after the relinquished property has been sold.

## **REVERSE EXCHANGE**

- **Replacement Parked Reverse Exchange** – In this type of exchange, the accommodator takes title to the replacement property and holds title until the relinquished property is closed. The replacement property is then transferred to the Exchangor.
- **Relinquished Parked Reverse Exchange** – This type of exchange occurs when the accommodator takes title to the relinquished property at some point prior to the replacement property being acquired. The exchange period begins when the title transfer occurs. Title to the replacement property is held by the Exchangor. The Exchangor continues to make efforts to find a buyer for the relinquished property. The accommodator must transfer the relinquished property to a buyer or back to the Exchangor within 180 days.

## **BUILD-TO-SUIT (IMPROVEMENT OR CONSTRUCTION) EXCHANGE**

This type of exchange allows the Exchangor to acquire newly constructed property. The Exchangor contracts with a builder who is willing to acquire the land to be built upon or the builder already owns it. When the new construction is well within 180 days of completion, the Exchangor will sell and close on his relinquished property. The proceeds of the sale are held by the intermediary and forwarded for the closing on the property the builder owns. In cases where the builder does not own the land or is unwilling to acquire the land, the accommodator can take title to the land and hold it during the construction phase. This would be handled similar to a reverse exchange.

## **MULTIPLE PROPERTIES EXCHANGE**

An exchange where one property is exchanged for two or more properties or two or more properties are exchanged for a lesser number.

## **PERSONAL PROPERTY EXCHANGES**

Exchanges are not limited to real property. Personal property can also be exchanged for other personal property of like-kind or like-class. Tangible personal property differs from real estate in that the gain realized on the sale of business-use personal property assets, such as machinery and equipment, typically comes only from depreciation recapture.

The like-kind rules are more challenging for personal property than for real property. The like-kind provisions contained in the Regulations establish safe harbor definitions of like-kind replacement personal property if the replacement property is within the same “General Asset Class” or within the same “Product Class,” as defined in the North American Industry Classification System (NAICS).

**Note:** Involvement of the Exchangor’s tax advisor is essential for any successful exchange.

For more information please contact us at  
[info@caticexchange.com](mailto:info@caticexchange.com) or call (860) 904-2108



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